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ABSTRACT

Information on training and remediation activities for unemployed and underemployed persons is described and analyzed with emphasis on programs authorized by the Comprehensive Employment and Training Act (CETA). Chapter 1 overviews the dilemma of persons with employment and earnings problems and approaches to dealing with the problem. CETA, its training components, and its complicated legislative and programmatic structure are described in chapter 2. An overview is provided of activity levels and trends, allocation of training opportunities, and salient features of the various training approaches. Chapter 3 synthesizes findings from a wide range of evaluations concerning effectiveness of training activities, causal factors, and patterns of impact to determine why, how, and for whom, not just whether, training works. Focuses of chapter 4 are delivery and decision making. It attempts to determine how policy decisions, management approaches and systems, and institutional factors produce the results which have been analyzed in the preceding chapters and to determine how improvements can best be achieved. Chapter 5 summarizes and interprets the findings on training and its impacts as well as those concerning decision making and delivery. It discusses some controversial underlying issues and long-term options and provides detailed recommendations for immediate action. An index is provided. (YLB)

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A FISHERMAN'S GUIDE

An Assessment of Training and Remediation Strategies

ROBERT TAGGART

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**W. E. UPJOHN INSTITUTE
FOR EMPLOYMENT RESEARCH**

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THE INSTITUTE, a nonprofit research organization, was established on July 1, 1945. It is an activity of the W. E. Upjohn Unemployment Trustee Corporation, which was formed in 1932 to administer a fund set aside by the late Dr. W. E. Upjohn for the purpose of carrying on "research into the causes and effects of unemployment and measures for the alleviation of unemployment."

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FOREWORD

The W.E. Upjohn Institute is pleased to publish a comprehensive review of training and remediation strategies for unemployed and underemployed persons. Although employability development programs that emphasize relatively long-term investments in training have been subordinate to programs that provide jobs, this orientation was largely due to the short-term goals inherent in both the policy orientation and management of the Comprehensive Employment and Training Act.

The author clearly notes the need to reorient the ends and means of CETA. Taggart advocates that improvements be made in CETA through gradual realignment and the development of new training activities and guidelines. In his view, training should receive top priority in order that today's unemployed and underemployed can be equipped to meet the future needs of business and industry as the U.S. enters a potential labor shortage situation within the next decade or so. This study is published with the expectation that the author's views on the role and importance of training will contribute to a more informed discussion of future employment policies and programs.

Facts and observations presented in this publication are the sole responsibility of the author. His viewpoints do not necessarily represent positions of the W.E. Upjohn Institute for Employment Research.

E. Earl Wright
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*Kalamazoo, Michigan
October 1981*

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PREFACE

It is human nature to neglect and squander resources which are plentiful. It is also human nature to react with alarm and surprise when these same resources later become scarce and valuable. For decades, our nation has had a surfeit of unskilled and entry workers, the result, first, of rising agricultural productivity and rural migration, and, subsequently, of increased female labor force participation and the coming of age of the post-war babies. Because these human resources were plentiful, they have been wasted and disdained. As a nation, we have concentrated our investments on higher education and advanced levels of preparation for those best able to compete in and contribute to the labor market. Persons of limited employability have been provided income maintenance, makework, and remedial band-aids in order to assure minimum well-being and to buy social peace.

Within a decade, barring world economic collapse or major changes in our nation's immigration policies, we will face a shortage rather than a surfeit of entry workers. Today's leftovers will become a scarce and valuable resource. There will be much handwringing and breastbeating, then, about why we have done so little to prepare persons of limited employability to meet the critical needs of industry, and why we have wasted so much money investing in advanced degrees that have a less than expected payoff for society and the degree-holders.

The time to begin addressing the issue is now. Sagging productivity during the 1970s and the decline of our relative economic growth taught us the dangers of short-term perspectives, inadequate and erratic investments in capital and equipment, and wasteful use of scarce natural resources. The lessons are equally applicable to human resources. The future of the economy and the social fabric depends in great measure on our willingness to initiate and sustain policies which will develop the potential of those who have traditionally been discarded and ignored, but who will be needed more in the coming decades. At least on this one issue, the prescriptions to achieve equity and efficiency are coincident. Those who preach the supply-side Gospel, as well as those concerned with mitigating the inequalities which have proved resistant to short-duration interventions, should be able to find common ground in support of profitable human resource investments.

And there is little doubt that training and remediation activities for persons of limited employability are profitable. According to the best available evidence, short-duration local classroom training raises earnings by a tenth in the year after termination, while training on-the-job yields increments almost twice as large. Comprehensive residential training for the most disadvantaged youths pays off in earnings gains of a tenth as well as large reductions in crime and dependency. Moreover, the impacts of local classroom and residential training increase rather than decay, while longer-duration training pays off more than proportionately. Every dollar spent on residential training yields at least \$1.45 in social benefits, according to conservative estimates of the current values of benefits and

costs and after accounting for alternative real returns on the same resources. Local classroom training returns an estimated \$1.38 for each dollar invested, while the payoff of on-the-job training is substantially greater. The investment in remediation and training is, thus, at least as profitable as the investment in higher education, and it is profitable despite labor market conditions which currently militate against training and despite correctable shortcomings in programs and policies.

Most training and remediation for persons of limited employability is provided under the aegis of the Comprehensive Employment and Training Act. CETA allocates federal funds to state and local governments for classroom and on-the-job training, as well as for job creation and other activities. Job Corps is a nationally-operated residential training program for young adults also authorized by CETA. Expenditures for Job Corps, local classroom and on-the-job training totaled \$2 billion in 1980.

Yet the primary emphasis of CETA has been to provide jobs rather than training, and a helping hand rather than substantive remediation or career ladders. Three-fourths of all local CETA allocations in 1980 were used for subsidized employment rather than training or transition services. Local training was primarily of limited duration and in a classroom rather than job setting. Just a third of classroom trainees received more than half a year of instruction, and less than one in fifty terminees from local programs were graduates of more than a year's training. While Job Corps invested more intensively, opportunities were available for only one in twenty CETA youth participants. Less than one in ten local nonsummer CETA participants was trained on the job in the private sector. In total, training was available for just a small proportion of the universe of need. Average enrollments in CETA training components in 1980 represented one-twentieth of the unemployed, less than a tenth of the low-income persons in the work force full-year and predominantly full-time but with earnings below the poverty level, and only half a percent of the labor force. Retrenchment since then has substantially reduced training as well as work experience opportunities.

CETA's planning, budgeting, record-keeping, decisionmaking and management approaches for local programs evolved to accomplish short-term, palliative missions; they discourage training investments and undermine training quality. Resources are allocated according to local area need. Localities with few jobs and many unemployed get disproportionate funds despite limited opportunities for training and intense pressures for job creation. The budgets for CETA categorical programs fluctuate erratically from year to year, and the allocation of these resources to local areas based on relative unemployment rates magnifies the variability and uncertainty in local efforts, undermining systematic decisionmaking and institution-building. The standardized management information system for CETA does not record the intensity of services and is focused on short-term outcomes, so that pressures for placement or cost-saving result in limited services and quick fixes. There are no national standards for curricula or for participant performance, no criteria for completion, and no CETA credentials which document skill acquisition. The federal regulations stack the cards against on-the-job training, while local decisionmaking based on short-term results discourages long-duration classroom training.

As the dramatic decline in labor force entrants in the next two decades creates shortages of entry workers and increases the importance and potential of training, the ends and means of the CETA system or its successor must be reoriented. Training rather than job creation should receive priority. Where jobs are provided, they should be combined with and lead into training. The less employable who are willing and able to make a "quantum leap" should be provided the opportunity. Placement must be emphasized, particularly where substantial training investments are involved. Mechanisms are needed to facilitate mobility from high unemployment and poverty areas.

To achieve these aims, some long-accepted tenets of employment and training policy must be exorcised:

--Income maintenance should be deemphasized. Allowances and wages in training and subsidized jobs are in some cases more than is justified by need or productivity; they attract and hold some participants who have limited interest in improving employability. Reduced allowances and wages would encourage transition into unsubsidized employment and would leave room for incentives to reward participant performance.

--Uniform, federally-mandated competency assessment systems should be adopted to measure academic and vocational skill acquisition, to organize individualized, self-paced instruction, to judge the effectiveness of training institutions, and to certify competencies attained.

--More intensive investments are needed. A second tier should be built on the short-duration training and remediation efforts which now predominate so that individuals with initial deficits but substantial potential are provided opportunities for upward mobility.

--Sorting the performers from nonperformers among participants should be an objective rather than a taboo, as long as remediation and training is focused on those who need it most. The "winners" among the disadvantaged can be rewarded without punishing the "losers," if those who cannot advance to second tier activities continue to receive the type of help now provided.

--Training for the disadvantaged should utilize mainstream institutions wherever possible, providing participants greater choice and applying stricter standards of individual performance.

It is unnecessary and unwise to ravage the current CETA system, which is providing useful short-term training as effectively as possible considering the obstacles and the absence of clear guidance. Improvements can be achieved through gradual realignment, the development of new components and changes in the groundrules:

--Remedial education and training should be required supplements to any CETA work experience, and the hours of subsidized work provided for any individual should be further restricted.

--The training required as part of work experience should be unstipended, reducing the hourly compensation and thereby encouraging transition into unsubsidized employment. Allowances should cover the poverty deficit, with supplemental rewards for performance, rather than being based on hours of participation.

--On-the-job training regulations should be modified to provide for a short "try-out" period during which the disadvantaged participants will be stipended by the public sector while working in the private sector.

--Long-term training at the local level should be encouraged by set-asides and incentive grants; the CETA Management Information System must certainly be altered so that intensive investments are no longer confused with inefficient investments.

--States should arrange to serve residents of those local areas unable to provide long-term training by contracting with other areas, by establishing statewide programs, and by providing for mobility and residential support.

--Residential "corporate career" training and internship programs operated by private sector corporations and associations in their own training facilities should be developed at the national level, with opportunities available equally to all in need who prove their commitment and capacity.

--Youth developmental activities should be separated from career oriented efforts for adults. In the career system, placement should be emphasized. No intensive training program should be recontracted or slots refilled until a predetermined proportion of completers have secured training-related jobs. "Try-out" OJT positions should not be refilled unless one of every two participants who get a try-out is hired permanently.

--Increased reliance must be placed on the voucher approach for service delivery. Like the GI-bill, assistance might be provided as a right for those who earn it, with individual choices about how and where to best use these benefits.

It is not enough to reorient and restructure the remediation and training system, focusing solely on the supply side of the equation. As the surplus of entry workers turns to a shortage, there will be need and potential to increase the incentives for private sector training. Payroll taxes now used for unemployment insurance might be better applied for training, with tax offsets where employers mount their own efforts or work closely with public programs. Training requirements for career entry jobs in our economy need to be formalized through an expanded and more flexible apprenticeship system. Once job requirements are specified, we must assure that the past victims of discrimination are helped to achieve the knowledge and the skills required for career entry, but that once they attain these competencies they are no longer victimized by prejudice.

It does not require hundreds of pages of exposition to make these points. Even the most detailed analysis will not yield unequivocal proof of what has worked and why. It is impossible to project with any certainty what will occur in the future. Evidence alone cannot dictate what are inherently political and normative judgments about what should be done. The massive detail serves a different purpose. We have complicated social policy almost beyond understanding. Since employment and training activities have been a major growth area, they have attracted legions of social scientists using their most refined methods to measure every aspect of manpower programs and their impacts. Their labors have been supported on the supposition that the knowledge generated would help to rationalize policymaking, program design, and management. But research, evaluation and demonstration activities have pushed far beyond the point of diminishing returns. There is so much information that it overwhelms policymakers and managers, as well as undermining public understanding and support. Every finding is equivocated or contradicted by an array of competing facts and figures. Expertise has become so narrowly focused that it is difficult to integrate the information so that it makes sense as a whole. Positive or negative findings, although only pieces of a total puzzle, have at times exerted disproportionate impact on policy and practice when they have supported prevailing or emerging political consensus.

I have tried to wrestle this welter of information into submission, not to discover new truths or to grind any axes, but rather to make sense out of the confusion and to return to the zone of diminishing rather than negative returns. It is a heroic undertaking to try to interpret and integrate the vast array of information generated by two decades of manpower program experience and hundreds of millions of dollars invested in research, evaluation and demonstration activities. The interpretations and the integrations are not sacrosanct. Much evidence has undoubtedly been overlooked, many of the nuances ignored, and some of the arguments truncated.

Yet few are likely to condemn the sins of omission. The hundreds of pages of details and dissections provide a challenge to any reader. This exegesis is intended for the knowledgeable policymaker, analyst, manager, or observer who already understands the basics of labor market problems and remedial interventions, who is struggling to make sense of the mountains of information, and who is willing to invest time and energy recognizing that the payoff of increased understanding is modest. "Ivory tower" scholars will not want to be sullied by the nuts and bolts of management information systems and performance standards; practitioners may have little interest in--and some disdain for--the intricacies of benefit-cost analysis or documented employability distributions; legislators and policymakers may consider both analytical and operational insights to be inconsequential for the political agenda. This volume is only worth the effort for those who believe that theory, practice, and policy are interdependent, that understanding the details of operations and evaluations is necessary to increase knowledge, and that greater knowledge can and should guide policy and practice. Naysayers who deny that labor market problems are real and serious, that social interventions can make a difference, or that the effectiveness of public programs can be improved, will find little to support their preconceptions. By the same token, there is little ammunition

tion for defenders of the status quo or the status quo ante. The shortcomings of past efforts are undeniable, and the need for and directions of change are documented. The arguments are directed to those who believe we can and must do better.

This study was made possible by grants from the Charles Stewart Mott and Edna McConnell Clark Foundations, but the content is my responsibility. Thanks to Sar, Seymour, Cathy, Nancy, Eabs, Flabs, and the few who keep the faith and wait for tomorrow.

Robert Taggart
Labor Day 1981

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CHAPTER 1
TEACH THEM TO FISH

*"Give a man a fish, and you feed him for a day.
Teach him to fish and you feed him for life."*

SECTION 1.
A MENU FOR
THE LABOR MARKET'S LEFTOVERS

In good times and bad, there are millions of individuals who fail in or are failed by the labor market. As a result of low earnings, involuntarily part-time employment, and periods of nonemployment, 15.0 of the 82.5 million persons in the work force fifty weeks or more during 1979 had annual earnings less than what would have been provided by minimum wage employment during the hours they were willing and able to work (Table 1.1). Some among this group were secondary earners or had other sources of income, so that the welfare consequences of their labor market problems were not overwhelming. But 4.6 million had earnings so low that, even when combined with the wages and salaries of other family members, their earnings were below the poverty level. Another million full-year work force participants resided in large families whose total earnings were below poverty even though their own earnings were above the minimum wage equivalent. Though transfer payments frequently supplemented wages, 3.0 million full-year work force participants were counted among the poor, along with their dependents.

Standards of need and concern may vary, but the seriousness of these labor market problems and the severity of the resulting hardship cannot be easily dismissed. These are not individuals with a marginal attachment to work. Among the 15 million full-year labor force participants failing to achieve minimum wage earnings during their hours of availability, 4.6 million were employed full-time for at least 49 weeks. Even when their full-time, full-year earnings were augmented by the wages of other family members, 1.4 million had below-poverty family earnings, and .9 million remained in poverty after receipt of cash transfers.

The numbers counted as having labor market problems--and the numbers suffering hardship as a result--are even larger if all work force participants are considered, including those who entered or left the labor force during the year. A staggering total of 28.9 million work force participants in 1980, or one-fourth of the total, fell short of the minimum full-employment standard--i.e., their earnings did not equal the equivalent of the minimum wage for all hours and weeks each was willing and able to work. There were 6.9 million work force participants counted among the poor, and their combined earnings deficit relative to the minimum full-employment standard equalled half of the total poverty deficit.

Table 1.1
The Leftovers in the Labor Market in 1979--Persons With Employment and Earnings Problems and Resulting Hardship

	In Work Force 50 Weeks or More During 1979 (000s)	In Work Force 26 Weeks or More During 1979 (000s)	In Work Force at Least One Week During 1979 (000s)
Persons wanting to work, working or seeking work who earned less than the minimum wage multiplied by their hours of availability for work	15,013	19,984	28,893
Employed full-time during period in work force	4,577	5,260	6,948
Intermittently employed during period in work force	4,796	6,497	7,855
Employed part-time during entire period in work force	5,301	7,805	12,175
Could not find job during period in work force	339	422	1,915
Persons wanting to work, working or seeking work whose annual earnings, combined with those of other family members, were less than poverty level for their households	5,546	7,818	12,914
Employed full-time during period in work force	1,386	1,705	2,857
Intermittently employed during period in work force	1,815	2,528	3,151
Employed part-time during entire period in work force	2,161	3,351	6,005
Could not find job during period in work force	183	235	902
Persons wanting to work, working or seeking work whose annual earnings, combined with those of other family members and supplemented by other income sources, remained less than the poverty level for their households	3,026	4,172	6,853
Employed full-time during period in work force	897	1,082	1,704
Intermittently employed during period in work force	1,051	1,487	1,913
Employed part-time entire period in work force	952	1,440	2,630
Could not find job during period in work force	126	164	606

Source: Bureau of Census, unpublished tabulations from March 1981 Current Population Survey based on Sar A. Levitan and Robert Taggart, Hardship: A System for Measurement and Analysis of the Welfare Consequences of Employment and Earnings Problems (Washington, D.C.: Center for Social Policy Studies, January 1981).

Economic growth and tight labor markets modestly alleviate but hardly eliminate such problems. In March 1968, during a period of what now is remembered fondly as "full-employment," one in eight active or discouraged labor force participants was officially unemployed, out of the labor force due to discouragement over limited job prospects, working part-time involuntarily, or employed full-time but earning less than a poverty income over the previous year. This incidence rate was only slightly below the one-in-seven ratio which prevailed among work force participants in March 1980. ^{1/} If the unemployment and discouragement rates in 1980 had been reduced to the extremely low rates a decade previously, there would still have been over four million persons in the labor force full-time, full-year in 1980 with earnings below the poverty level because of unemployment or low wages, and with family incomes no more than 50 percent above poverty. ^{2/} In other words, the problems of the labor market's "leftovers"--those with limited skills, experience, and credentials, the victims of stunted opportunities, discrimination, and bad luck, the residents of poverty areas and declining labor markets, and those whose individual, family, or cultural problems undermine successful performance in the workplace--will not be solved by an improved economy alone.

A basic dilemma of every society is how to deal with this excess and least productive segment of its work force. There are six basic alternatives. The first is to do nothing, in the belief that any step will be ineffective or even counterproductive, that those who fail in a competitive

labor market have only themselves to blame, and that hardship is a great motivator. This "let them eat cake" approach has proved more durable in rhetoric than in application. Political expediency has usually favored "bread and circuses"--providing income or in-kind support for minimal needs and diversion from the grim reality of poverty and inequality. However, neither bread nor circuses come cheap, and an alternative has always been job creation--whether the waging of wars or the building of Pyramids--to put the idle to work and make them pay for their support. With the rise of industrial societies and the increased complexity of the labor market, the options have expanded. Existing jobs can be accessed by reducing the costs of labor or certain types of labor, or by "jawboning" employers into hiring more or different persons than dictated by market forces or market mores. Reduced labor costs can stimulate employment growth, or at least a redistribution of employment opportunities. Wage subsidies to encourage the hiring of the less employable have been around since the introduction of the Speenhamland system in England in 1795. Labor market intermediation, i.e., public support of exchanges to match up workers with jobs, began in most industrial nations at the turn of the century in the belief that some or all of joblessness resulted from either ignorance of available opportunities or malingering which could be addressed by conditioning income transfers on the use of labor market exchanges.

The final approach for dealing with the excess and least productive segment of the work force is to increase their productivity through education and training. On-the-job training as a public policy is nothing new. Our nation was built on the labor of indentured servants--most of whom were debtors, the children of the poor or "undesirables" not absorbed in the European labor market and, therefore, shipped over to the new country to work and learn a trade. Institutional training and education were viewed as the primary mechanisms for absorbing and "Americanizing" immigrant populations in the early 1900s. In the last two decades, however, human resource development has emerged as a basic tool of manpower policies addressed to the problems of the "leftovers" in the economy. Unlike the income maintenance, job creation, employer subsidy, or labor market intermediation approaches, the goal of education and training efforts is not just to mitigate the symptoms of the problems, but to get at their causes, to alter not just the present but the future as well. As an old proverb moralizes: "Give a man a fish and you feed him for a day. Teach him to fish and you feed him for life."

While almost all developed countries have experienced a secular increase in active efforts targeted to the labor market's leftovers, most have also experienced cycles of activism then neglect. Nations vary over time, as well as relatively, in their emphasis on providing fish, creating jobs to work off the costs, guiding and coercing those in need to the best fishing spots, stocking the lakes, teaching fishing skills, or simply trying to ignore the reality that people are hungry. These fluctuations follow some predictable patterns. Income maintenance tends to move forward in ratchets. Social unrest or the discovery of previously "hidden" distress generates support for broad changes which frequently overshoot available resources and lead to inclusion of some who are considered "malingerers" and "cheaters." Exposure of these problems then offers an excuse to stabilize or even reverse the progress, until a new salient of distress is "discovered," or a new crisis generates consensus for another

action period. Job creation is tied to the business cycle. When economic conditions deteriorate, pressure mounts for a policy response, and job creation is usually the most expedient and visible remedy. When conditions improve or stabilize, or the fisc runs dry, public opinion shifts and the created jobs previously considered "vital" and "productive" become perceived as idle leaf-raking. Retrenchment usually follows. Job access strategies fluctuate in a counter cycle. When tight labor markets absorb the more employable workers, employers are ready to support subsidy schemes which will help them cope with the costs of reaching further down the labor queue. When conditions normalize, the entreaties and incentives have few takers. Labor market intermediation, because of its low cost, tends to continue in good times and bad, but it becomes more fashionable when the "let them eat cake" approach is in ascendancy or when business conditions are good. Evidence of unfilled jobs is then used to support the argument that low cost placement and job search assistance activities can get everyone employed, and that the high costs of job creation, hiring subsidies, and income maintenance can, therefore, be reduced. This approach works until it is tried on more than a limited scale and the truth becomes evident that frictional problems are small in relation to structural problems--that there really are not enough jobs for those who lack skills. Business conditions also affect the emphasis on training, education, and employability development. Investments in the future rest on the assumption and evidence that they will pay off--that once taught to fish, an individual will, indeed, be fed for a lifetime. When resources are scarce or joblessness is prevalent, the investment costs become more burdensome and the payoffs more questionable since already skilled resources are idle.

The cycles of activism and neglect, and the shifts in emphasis from one approach to another, are demarcated by periods of friction and debate. In democratic societies, such changes in public policy usually require broad consensus and compelling arguments in order to overcome the vested interests benefitting from the status quo. To build this consensus and rationale, it is almost always necessary to inflate expectations and ignore shortcomings, or, conversely, to minimize needs and to exaggerate flaws. While the policies may represent reasonable responses to changing conditions, policymaking itself is rarely a rational process. Each change in pace or emphasis is heralded as a new and permanent departure rather than a needed correction. The mechanics of gear-shifting, accelerating and braking are all consuming, leaving little time to focus on ultimate destinations.

Social policy in this country reflects these same patterns. The New Deal and the War on Poverty were active periods, followed by retrenchment and stabilization under the Eisenhower and Nixon/Ford administrations. We are now, apparently, at a turning point in another cycle. During the late 1970s, there was a dramatic expansion of public efforts on behalf of the excess and least employable segments of the work force. The Carter administration's economic stimulus package including public service employment, youth jobs, and public works, represented the largest concentrated job creation effort in our nation's history, even though few commentators have recognized its scale. This was accompanied by a massive expansion in residential skill training for disadvantaged youth and the initiation of special national programs for institutional and on-the-job training. As the stimulus took hold and employment growth accelerated,

emphasis shifted to tax credit mechanisms to encourage private employers to reach down to the disadvantaged. These incentives were complemented by private sector initiatives providing employment and training resources through business-dominated local organizations in order to better adapt public interventions to employers' needs.

These recent job creation and training efforts were mounted under the authorization of the Comprehensive Employment and Training Act (CETA) and the oversight of the Department of Labor's Employment and Training Administration. Real expenditures under CETA more than doubled between 1976 and 1980, rising to a peak of over \$10 billion. Problems were inherent in such pell-mell expansion. They became visible just as overall employment growth was undermining the consensus and need for such activities, while inflation was eroding the nation's ability to pay. Not unexpectedly, criticism of CETA reached a fever pitch, particularly concerning its countercyclical job creation components. President Reagan campaigned on the promise of governmental retrenchment, and even though the Carter administration's budget had already drastically reduced CETA work components, the new administration followed through on its campaign promise by proposing and achieving the immediate elimination of both countercyclical and structural public service employment, as well as trimming youth job programs.

Throughout this turbulent period, the "T" in CETA was generally obscured by the "E" and the "A". During the economic stimulus in the late 1970s, job creation received priority and the delivery system at the federal, state, and local levels strained to reach hiring targets. Most of the action revolved around public service employment, so that CETA became synonymous with PSE, as it was called. When doubts mounted about the need for and efficacy of job creation, this identification became costly. The public's disdain for perceived "makework" was translated into a disdain for all CETA activities and for the delivery system as well. In retrospect, the administrative problems resulting from the massive CETA growth must certainly be judged as minor by any reasonable standards, but "fraud and abuse"--however isolated relative to total activities--are the lightning rods for changing public values. The administrative arrangements for the delivery of employment and training services, thus, became the subject of detailed legislative tinkering in 1978 to solve alleged shortcomings. In many ways, these changes simply made things worse--certainly more complicated. As the 1980s opened, there was widespread agreement that more substantial changes were required--perhaps even the elimination of CETA--at the end of its authorization in 1982.

Little of the criticism was focused on CETA's training components. While the public may have limited enthusiasm for "makework," there is much stronger support for training and education that increases the self-sufficiency of the disadvantaged and meets the skill needs of the economy. Nevertheless, there is a good possibility that in the fervor of budget cutting, public training investments for persons of limited employability will also be judged expendable. It is to be hoped that such decisions would consider the impacts and effectiveness of CETA training, the prospects for improved performance, and the future role of training in our economy. The detailed analysis which follows seeks to provide the information needed for this consideration. It focuses on the neglected dimension of CETA--training for the disadvantaged.

There is, of course, no exact dichotomy between training, job creation, labor market intermediation, job access and income maintenance. Subsidized public sector jobs may serve as training sites. Tax credits and other subsidy mechanisms may be a good way to "buy" jobs for those who are trained. Placement and labor market intermediation are important adjuncts to training, although they more often occur without it. Income maintenance is a fundamental component where the disadvantaged lack the resources to invest their time and energy in training. Yet if these elements are interrelated, training is certainly differentiable in that its fundamental aim is to improve the skills and competencies of individuals in order to increase future employability, rather than to maintain well-being or provide immediate employment.

The analysis concentrates on the training which occurs under the auspices of the Comprehensive Employment and Training Act simply because CETA accounts for the bulk of training activities for persons of limited employability and limited prospects. The substance of the training activities, their impacts and impact patterns, are the primary concern. CETA administrative or decisionmaking arrangements are considered only to the extent they affect training outcomes. In fact, CETA consists of several different administrative, decisionmaking, and delivery approaches for training, which can be and are contrasted to suggest ways in which training goals might best be achieved under whatever legislation replaces or modifies the Comprehensive Employment and Training Act.

Although CETA is the primary mechanism for dealing with the labor market's "leftovers," CETA training represents only a minor element of our nation's overall human resource development system. More than most other industrial countries, we rely on the education system to initially prepare our work force, with limited formalized training beyond the career entry point and with skills acquired, instead, through job mobility and cumulative work experiences. For those who do not make it in the educational system or onto a job ladder in the labor market, the options are limited. CETA training for the disadvantaged amounted to less than 2 percent of public expenditures for human resources development in fiscal 1980: 3/

Public Expenditures
for Human
Resource Development
Fiscal 1980
(Billions)

Elementary and secondary education	\$94.5
Higher education	40.3
Secondary and post-secondary vocational education	10.9
Military training	10.0
Veterans' training	2.2
Vocational rehabilitation	1.2
CETA expenditures for training	2.0

The private sector does not provide many alternatives. Expenditures for private vocational and technical school training in 1980 were an estimated \$1.8 billion, with some of this subsidized by public funds, particularly under the veterans' training programs, and much of it beyond the means of persons with limited earnings and income. The estimates of formal training and education financed by industry are not very dependable, but a best guess is that between \$5 billion and \$8.5 billion were spent in 1980, excluding the wage and salary costs for training during work hours. 4/ Finally, private expenditures for elementary and secondary education were \$11.9 billion and those for higher education were \$19.0 billion. CETA training, thus, represented less than 1 percent of combined public and private human resource development expenditures. 5/

From any reasonable perspective, then, it is striking how little this nation commits to improving the employability of those at the end of the labor queue. Under CETA in 1980, there were 700,000 new participants in institutional or on-the-job training, representing just 4 percent of all those who experienced unemployment during the year, a miniscule .6 percent of all persons in the labor force, and less than a tenth of all persons in the labor force at least half the year whose earnings, when combined with those of other family members, fell below the poverty level. The average number in training at any point in time was less than half this level. In other words, CETA--even before the Reagan administration retrenchments--was anything but "comprehensive" in addressing the human resource development needs of persons with limited employability.

The evidence of unfilled needs is not, in itself, a proof that more training for the disadvantaged is worthwhile, and this analysis is intended as an objective assessment not as advocacy. It seeks to cut through the confusion that surrounds CETA, and sort through the massive information which has been gathered but largely unutilized, in order to determine the amount and types of training which are being provided, the numbers and characteristics of recipients, the aggregate impacts, the success determinants, the success rates for different trainee groups, the benefits and costs of training, the theoretical models which best explain these patterns, the institutional factors producing the aggregate outcomes, and the best means to improve performance. Training as a tool for improving limited employability is the concern, not CETA itself. There were other funding, decisionmaking, and administrative mechanisms for training before CETA, there are several variants under CETA, and new approaches may be needed in the future. But evidence and analysis concerning the current system's effectiveness should be the driving force of any reform, rather than anecdote and ideology which have been the primary focus in discussions of CETA to date.

SECTION 2. A PREVIEW OF COMING ATTRACTIONS

The description and analysis which follow are extremely detailed and range from abstract theory and recondite benefit-cost calculations to "nuts and bolts" assessments of management information systems, performance monitoring approaches and regulations. The second chapter describes CETA and its training components, providing a roadmap for the complicated legislative and programmatic structure, as well as an overview of activity levels and trends, the allocation of training opportunities, and the salient features of the various training approaches. The third chapter provides the view from the "ivory tower," synthesizing the findings from a wide range of evaluations concerning the effectiveness of training activities, the causal factors and the patterns of impact in order to determine why, how, and for whom, not just whether, training works. The fourth chapter focuses on delivery and decisionmaking. It seeks to determine how policy decisions, management approaches and systems, and institutional factors produce the results which have been analyzed in the preceding chapters, and to determine how improvements can best be achieved. The final chapter summarizes the findings on training and its impacts as well as those concerning decisionmaking and delivery. It interprets both sets of findings, discusses some of the controversial underlying issues and long-term options, and provides detailed recommendations for immediate action.

The analysis is not simple. The evidence is drawn from a diverse array of sources. In almost all cases, data had to be manipulated and adjusted to focus on specific issues or to achieve comparability across sources. Particularly in the impact and benefit-cost sections, there was reliance on studies and methodologies supported by a separate analytical literature. The footnotes reference the sources of information, discuss the major interpretative issues, explain data manipulations, and provide detail to back up summary information in the text. While every effort is made to simplify the presentation, the volume of information is more than most readers would care to know, and the last chapter provides a comprehensive summary of the findings so that it can be read alone.

Yet if the evidence is voluminous and the analysis complex, the conclusions are quite simple. They may also be somewhat controversial, both for supporters and critics of employment and training programs. The most important finding is that training programs and the training system work despite substantial room for improvement and despite labor market conditions that are far from propitious. The evidence overwhelmingly indicates that CETA training for the leftovers in the labor market increases their post-program employment and earnings. Moreover, the dollars-and-cents benefits from training outweigh the costs, so that the investment pays off for society. The potential for and directions of improvement are fairly clear. While there are shortcomings in the current system, there are no villains. The system emerged to meet and did meet the needs of the last two decades, when job creation was the most critical issue. Its problems were mostly the result of unclear and changing signals, and the lack of a coherent design. The drastic decline in the number of work force entrants in the coming years will alter needs and potentials, but there is

every reason to believe that the existing delivery system, if properly directed and realigned, can adjust to these changes and that it provides a reasonable foundation for meeting the needs of the next two decades.

It is the basic precepts of employment and training policy--rather than the system itself--which are challenged by the evidence:

First, a fundamental postulate of manpower policy over the last two decades is that work experience increases employability. The evidence suggests, on the contrary, that work per se does not improve post-program labor market success, except when it is targeted to those entering or reentering the labor force and needing a stepping-stone, when it is designed as a training activity or is combined with classroom training, and when it serves as a transition and on-the-job training mechanism into unsubsidized employment in the public and nonprofit sectors. Job creation may be justified because it alleviates structural and countercyclical problems and is a preferable alternative to income maintenance, but not because of its effects on employability. There is potential and need to increase the training elements in work experience.

Second, CETA has been focused on short interventions intended to yield immediate improvements in employment and earnings. Yet training pays off most when it is long enough so that participants can achieve measurable and certifiable competencies that are required in the labor market. For a disadvantaged individual to attain a high school equivalency or post-secondary training degree, or to learn almost any occupational skill, takes substantially more time than the average duration of CETA training. Only a small minority of participants are assigned to training that is long enough to provide credentials and competencies that will help to feed them for a lifetime. Perhaps only a few in a hundred participants have the endurance or capacity for the one-, two- or even four-year training, but it is critical to begin providing opportunities for this minority to achieve "quantum leaps" in employability.

Third, CETA is now essentially a "one-shot" intervention rather than an employability development system. The participant enters the door, is assessed, assigned to a limited duration component, and then (sometimes) placed in a job on completion. What is needed is an opportunity ladder which individuals will mount and scale at the level and pace dictated by their ability and motivation. This, in turn, requires a system for measuring competencies and competency acquisition. It requires standards of completion as well as qualitative standards for inputs. Most of all, it requires that these standards be maintained. Some of those who now linger in CETA's training activities without performing or progressing should be terminated. The better classroom training opportunities, and the limited number of on-the-job training slots should go to those who have progressed through the system rather than to those who are most qualified when they enter and have the least need of help. Activities should be building blocks, with increased use of combinations such as work experience leading to classroom training followed by training on-the-job.

Fourth, more sorting must be done among those in need. The labor market's leftovers include individuals of widely-ranging potential, and too little is now done for those who have greater ability and motivation. If a

second tier of advanced opportunities were added to what now exists in CETA, no one who exerted an effort would get less than under the current system, but those who exerted more effort and had more potential could advance substantially. Alternatively, the second tier might be financed by savings which could be achieved under current programs if they were focused solely on training rather than functioning as stopgaps for persons with no other options. Allowances in classroom training and wages in on-the-job training should be used as a means to reward performance, to cover the extra costs of participation, and to meet only the poverty deficits which would hinder participation, rather than providing an incentive to participate even when there is no desire to be trained. There is room for some savings in this regard, probably enough to finance longer training for a reasonable proportion of current trainees. But a tradeoff is inherent: Fewer individuals can be served when longer training is provided with any given level of resources. While the net result of adding a second tier of opportunities will be greater average and aggregate impacts for those in need, the benefits will be less broadly shared. This is only equitable if the opportunity structure is established so that all participants have an equal shot at the longer and more promising training opportunities.

Some changes are needed in law, regulations, program design, and management in light of these findings, but the bigger challenge is to alter thought processes which have guided manpower programs and policies for years. We must begin thinking about long-term impacts and "quantum leaps" not just immediate outcomes and marginal gains. A stable training system is needed rather than an ever changing array of separate training programs. There must be long-term strategies, both locally and nationally, for building a range of new opportunity tracks for disadvantaged individuals with potential. Quality, not just quantity, needs to be emphasized in curricula, in staff, and in outcomes. The employment and training system must, in every way possible, utilize existing institutions rather than maintaining segregated and frequently second-class delivery approaches for the disadvantaged.

Even with such changes, the potential of training efforts for persons of limited employability will be circumscribed unless the institutional setting is altered. As long as there are disincentives for training by the private sector, as long as the competencies and training needed to fill available jobs in the economy are uncertain, and as long as help is offered to persons of limited employability as an act of "noblesse oblige," public programs will continue to have difficulty determining and meeting private sector needs, private employers will stay at arm's length, discounting the quality of training, and public resources will remain inequitably distributed and overly concentrated on advanced education even though entry-level investments would yield more payoff in the expected labor market of the next two decades. Some of the long-term options which need to be considered are, first, a GI-Bill approach to career training and education, where all individuals would be guaranteed two years of post-secondary training or retraining to be purchased from public and private institutions by voucher; second, employer and employee taxes to cover part of the costs of this career training, with credits where the private sector provides the training itself, in order to encourage more entry training; and third, expansion of the apprenticeship system to formalize the career entry tracks and to identify the competencies and training necessary to perform career entry jobs in our economy.

While these changes in the precepts of employment and training programs and in the setting in which they operate may be considered revolutionary, they can and must be achieved through a steady evolutionary process. The current array of CETA training programs and institutions can serve as a foundation for building a more effective, equitable, and comprehensive system. The changes which are necessary in the short term are justified on their own merits, and do not require, nor do they commit the nation to, a specific long-term path. Yet they certainly make sense in terms of what can be expected in the labor market in the years ahead. There is no question that we are entering a decade when the number of excess and less desirable workers will decline as demographic trends play out. There will, at the same time, be increasing demand for minimal competencies in even the lowest-level jobs. In contrast to the situation in the 1970s, there will be abundant opportunities for successfully training those at the end of the labor queue for career entry rather than just short-term jobs. Training which is longer term and more ambitious in its aims should become more feasible.

While the weight of the evidence is convincing in suggesting the redirections for employment and training policy in the 1980s, it does not rest on proof of the failure of policies in the 1970s or on promises of massive improvements in the next decade. Training cannot help much in areas or in periods where there are massive job deficits. It can help only those who are willing and able to work to get ahead. Only a minority will be "fed for a lifetime" by the skills and credentials they can reasonably be expected to acquire. Yet with a changing economic scenario and realizable improvements in design and management, training can be an even more profitable public investment than it has proved in the past. The evidence which follows suggests that priority in the policy mix for the "leftovers" in the labor market should be placed on "teaching them to fish."

NOTES

1. Sar A. Levitan and Robert Taggart, Employment and Earnings Inadequacy: A New Social Indicator (Baltimore, Md.: The Johns Hopkins University Press, 1974); unpublished tabulations of Employment and Earnings Inadequacy Index prepared from March 1969 Current Population Survey.
2. Unpublished tabulations prepared as background for the National Commission on Employment and Unemployment Statistics. Estimates for 1980 derived by reducing the 1980 unemployed and discouraged components of the NCEUS hardship measure to the incidence rates in 1970, and adding these to the other 1980 components.
3. Statistical Abstract of the United States, 1980 (Washington, D.C.: Government Printing Office, September 1980); and Budget of the United States Government, Fiscal 1982 (Washington, D.C.: Government Printing Office, January 1981). Military training includes specialized skill and flight training, professional development and supplemental training but excludes recruit and officer training and salaries of trainees. CETA training includes allowances plus estimated training under the closely related Work Incentive Program for welfare recipients.
4. Harold Goldstein, Training and Education by Industry (Washington, D.C.: National Institute for Work and Learning, 1980). The cited figures subtract estimated wages and salaries of trainees from the \$10 billion total training cost and 1 percent of wage bill suggested by Goldstein as a best guess of private expenditures.
5. Statistical Abstract of the United States, 1980 op. cit.

CHAPTER 2
TRAINING THE "LEFTOVERS"

SECTION 1. THE TRAINING SYSTEM

Background

Employment and training programs have been a major growth area of social welfare policy over the last two decades--not only in resource and activity levels, but in programmatic diversity as well as legislative and regulatory complexity. The earliest initiatives were targeted to the structural problems of lagging industries and areas which had been exacerbated by a decade of slow economic growth. The Area Redevelopment Act in 1959 and the Manpower Development and Training Act of 1962 initiated institutional and on-the-job training efforts targeted for displaced workers in depressed areas. Under the war on poverty, emphasis shifted to the economically disadvantaged. Several new manpower programs were added by the Economic Opportunity Act of 1964, the most ambitious of which was Job Corps. It aimed to interrupt the "vicious cycle of poverty" by providing a structured residential environment for learning and development where poor youths age 14 to 21 could escape from deprivation and realize their full potential. Job Corps was and remains the most comprehensive and intensive human resource investment program for the disadvantaged. The Economic Opportunity Act also initiated job creation programs for the hard-to-employ who were left behind despite accelerating economic growth in the mid-1960s. The Neighborhood Youth Corps provided in-school, summer and out-of-school work experience for teenagers to promote the development of needed employability skills while keeping the streets quiet. The anti-poverty act also created jobs programs for older workers and welfare recipients on the assumption that work was preferable to dependency. In 1965 the New Careers program was introduced which sought to restructure professional jobs in the public and nonprofit sectors, to train the disadvantaged to perform as paraprofessionals and to subsidize their on-the-job learning. New Careers evolved in the late 1960s into the Public Service Careers (PSC) program, retaining the emphasis on providing career ladders into unsubsidized public and nonprofit sector jobs.

As employment growth accelerated in the second half of the 1960s, attention turned to the private sector. A Work Incentive (WIN) program was adopted in 1967 as a substitute for the antipoverty workfare program. By providing institutional and on-the-job training, plus financial incentives for work by relief recipients, it aimed to facilitate private sector rather than public sector employment. Later, the training components were reduced so that WIN became essentially a placement and job search assistance mechanism. The Job Opportunities in the Business Sector (or JOBS) program was launched with much fanfare in 1968 to increase private sector involvement in manpower programs through contract and voluntary on-the-job training of the disadvantaged. The Concentrated Employment Program provided extra resources to poverty areas to be used primarily for pre-employment services such as counseling, motivation activities, job development, and placement assistance.

By the time these private sector-oriented programs were geared up, unemployment began to rise rapidly and the pendulum shifted in the opposite direction. After some heated debate, the Emergency Employment Act was

passed in 1971, initiating the first countercyclical job creation program since the New Deal--the Public Employment Program. This filled out the tool kit of manpower programs. The components (although not the labels or funding mechanisms) have remained essentially unchanged ever since. The tool kit included basically preventative measures, primarily summer and in-school jobs to help disadvantaged youth get off on the right foot, remedial activities such as Job Corps and institutional training under MDTA, ameliorative interventions including temporary jobs for older workers, welfare recipients, and dropout youth, job access efforts such as job restructuring under PSC, placement and job development under CEP and WIN, plus on-the-job training under MDTA and JOBS, and countercyclical measures, as typified by the Public Employment Program.

To better organize the tool kit, Congress passed the Comprehensive Employment and Training Act in 1973 with the aim of consolidating federal employment and training resources into block grants to local units of government representing populations of more than 100,000, and to states representing the remaining smaller areas. Although the initial intent was to let these state and local "prime sponsors" decide how to spend their block grants after a mandated planning process and subject to local advisory council review, and to leave them free to administer local programs, the law as well as the regulations and administrative procedures which subsequently interpreted and applied it, fell far short of the decentralization and decategorization originally promised. The summer employment program--the progeny of the summer Neighborhood Youth Corps--and a public service employment component--a combination of PSC and PEP--were retained by the Comprehensive Employment and Training Act as separate categorical activities with their own eligibility rules and allocation formulae. Job Corps was continued as a distinct, nationally-directed program, although its authorization was included under the CETA umbrella and its management shifted from the Office of Economic Opportunity to the Department of Labor. A smorgasborg of small, nationally-run programs for special needs groups such as older workers, migrants, Indians, offenders, and displaced homemakers were added incrementally. The WIN program was not included under the CETA umbrella. Even in the "block grant" titles of CETA, there were a variety of federal set-asides and specifications dictating the use of resources.

The CETA system was hardly operational before there were major changes and then dramatic expansion. The 1976 amendments separated public service employment into countercyclical and structural components, the first directed to the victims of recession and funded by a "trigger formula" which would automatically expand resources when unemployment rose, and the second aimed at providing career entry opportunities, training, and short-term work for persons of limited employability. Under the economic stimulus package of the Carter administration in 1977, these two public service employment components were increased from the 300,000 to 750,000 combined enrollment level in response to high and rising unemployment. A national Skills Training Improvement Program (STIP) was initiated providing grants to competitively-selected prime sponsors to provide long-term training linked to the private sector. The HIRE program was also launched with an aim of fostering on-the-job training, particularly for Vietnam veterans. Funds under this program were administered both by prime sponsors and from the federal level. The Youth Employment and Demonstration

Projects Act in 1977 created two new categorical programs targeted specifically to youth which were to be operated by all prime sponsors, a large-scale experimental program testing a job guarantee, saturation approach in selected prime sponsor areas, and a conservation program operated jointly by the Departments of Labor, Agriculture and Interior on public lands. To round out the economic stimulus measures, the long-standing summer program was expanded by a fourth, while the Job Corps program was doubled in size.

The changes continued without pause. A Private Sector Initiative Program was authorized in the 1978 CETA amendments. PSIP established Private Industry Councils or PICs in each prime sponsor area to plan and administer CETA-authorized activities linked to the private sector and funded by a separate CETA title. The 1978 amendments increased the targeting as well as the training emphasis under the structural public service employment program. The "comprehensive" block grant was modified by additional set-asides for upgrading and retraining, as well as for education-linked activities.

Just as the new youth programs were implemented and the public service employment expansion digested, the gears were shifted into neutral and then slammed into reverse. The Carter administration announced the consolidation of the separate CETA youth programs, but its proposed Youth Act of 1980 fell short of enactment. However, the conservation and experimental job guarantee programs just enacted in 1977 were ended. The public service employment components of CETA were also substantially retrenched. The incoming Reagan administration went further, completely eliminating funding for public service employment activities and drastically cutting local nonsummer youth programs.

As a result of all these changes, the CETA system today is unquestionably more complicated than the "categorical nightmare" it was designed to replace. With reauthorization pending in 1982, with uncertainty about budget levels for 1983 and beyond, and with drastic retrenchment already underway, the situation is even more confusing. The latest dependable data cover fiscal year 1980, which ended in October 1980. Yet several programs authorized by the existing legislation and fully operational in 1980 were phased out in fiscal 1981. The nomenclature, titles, funding levels, and priorities may undergo some dramatic changes in anticipation or as a result of the 1982 legislation. Nevertheless, the program mix existing in fiscal 1980 and authorized by the 1978 CETA amendments provides the only available baseline for understanding of the system.

Legislative Framework

In the CETA system of fiscal 1980, nine-tenths of the service years of employment and training activity were provided under the seven major titles and subparts of the Comprehensive Employment and Training Act which allocate funds based on relative unemployment and poverty to the nearly five hundred state and local "prime sponsors" which serve as managing and decisionmaking agents. For each of the separate categorical allocations, the prime sponsors must submit annual plans outlining activities for the coming year, projecting enrollment and spending levels and participant

characteristics, as well as detailing procedures and guarantees to satisfy the differing requirements of each title as interpreted in federal regulations. The plans must be approved by the Department of Labor, and prime sponsors must subsequently submit quarterly reports indicating performance relative to plan. They are subject to a once-a-year assessment by the Department of Labor, as well as periodic monitoring visits to assure compliance with the law and regulations in their exercise of delegated decisionmaking, management, and operational responsibilities. The seven categorical programs are as follows:

- Title IIBC, Comprehensive Employment and Training Services, provides for a full range of activities for the unemployed and economically disadvantaged (i.e., persons living in welfare recipient families or those with a family income in the last six months which is below the higher of the poverty level or 70 percent of the Bureau of Labor Statistics' lower living standard). The prime sponsor decides on the mix of services to be offered and the subgroups to be served among the eligible population. Up to 6.5 percent of funds may be used for upgrading and retraining of laid-off or currently underemployed workers who are not necessarily economically disadvantaged.

- Title IID, Transitional Employment Opportunities for the Economically Disadvantaged, or structural public service employment, fully subsidizes the employment of economically disadvantaged, long-term (15 weeks or more) unemployed individuals in regular jobs in the public and nonprofit sectors as well as in specially created projects providing needed public services. In order to assure employability development and not just employment, the law requires that 15 percent of funds in 1980, 20 percent of funds in 1981, and 22 percent of funds in 1982 be used for training of participants. Prime sponsors are, in concept, free to use all of Title IID allocations for training or any other allowable CETA service. In 1982, there is no funding for Title IID.

- Title IV, Youth Employment and Training Programs (YETP), is the comprehensive local program for youths. The prime sponsor may provide any of the services allowable under Title IIB, but only for persons age 14 to 21. The income eligibility restrictions are somewhat more lenient than under Title IIB. Up to 10 percent of funds may be used for nondisadvantaged youth and the income standard for eligibility is 85 percent rather than 70 percent of the BLS lower living standard. Since nearly half of participants in Title IIB are under the age of 22, there is substantial overlap between YETP and Title IIB activities.

- Title IV, Youth Community Conservation and Improvement Projects (YCCIP), supports year-round neighborhood-based work projects of tangible benefit to the community. These jobs are targeted for unemployed 16-19 year-olds. Eligibility is not restricted by family income. Supportive services may be offered but training and remediation are discouraged because YCCIP was intended to emphasize structured, supervised work rather than human resource development.

- Title IV, Summer Youth Employment Program, provides summer jobs for 14 to 21 year-old economically disadvantaged youth. The funds may also be used for all other services authorized under Title IIB as well as for

Job Corps. Funds for all the other titles of CETA may also be, and frequently are, used by prime sponsors to create summer jobs.

- Title VI, Countercyclical Public Service Employment, is targeted for the victims of recession who have been unemployed during 10 of the prior 12 weeks and have a family income in the last 3 months less than 100 percent of the BLS lower living standard. The funds under this title may be used for any of the activities allowable under other titles. The CETA legislation contains a "trigger formula" for funding so that Title VI is to expand automatically to absorb 20 percent of the unemployed in excess of 4 percent or 25 percent if unemployment rises above 7 percent. In practice, appropriations have not reflected this groundrule. Countercyclical public service employment was phased out in fiscal 1981 despite an unemployment rate in excess of 7 percent.

- Title VII, Private Sector Initiative Program, authorizes local Private Industry Councils with predominant business membership to decide on the use of funds provided under this title. The eligibility provision and allowable activities are the same as for IIBC, but there is an emphasis on the involvement of and placement in the private sector.

There are further complications. Six percent of Title IIBC funds are set-aside for vocational education activities and distributed to the states by a needs formula. The states then suballocate to prime sponsors for the support of training activities. Another 4 percent of funds under Title IV YETP and under Title IIBC are distributed to Governors for special statewide activities, plus an additional 1 percent of Title IIBC funds for educational linkage activities. In many cases these are distributed on an application basis to the sub-state prime sponsors.

In addition to these state- and locally-operated programs supported by legislatively-specified allocations based on the relative unemployment and poverty rates of states and localities, there are a range of activities funded under the Secretary's discretionary authority, out of set-asides under each of the CETA titles. These resources are used for innovative demonstration programs, to meet special needs of areas and population groups, to reward performance by prime sponsors, and to mount special purpose initiatives. The Secretary decides on the use and distribution of these funds consistent with the requirements of each title.

There are also several national programs. Title III of CETA authorizes and funds national programs targeted to displaced homemakers, seasonal farmworkers, veterans, older workers, offenders, youth and persons of limited English speaking ability. Job Corps is authorized as a subpart of CETA Title IV, with legislative language largely unchanged since the Economic Opportunity Act. The residential Job Corps centers located throughout the country are operated by private for-profit and nonprofit contractors, and by the Departments of Agriculture and Interior on federal lands. A Young Adult Conservation Corps is authorized under CETA Title VIII, and an experimental Youth Incentive Entitlement Pilot Projects under Title IV which guarantees jobs for all poor 16- to 19-year-old students in selected areas. Both of these programs were phased out during fiscal 1981.

State and local prime sponsors are sometimes used as delivery agents for these various national programs. For instance, two prime sponsors are the contractors for the operation of residential Job Corps centers and several others use funds provided to them by formula under Title IIBC or IV to purchase training slots in Job Corps. The Entitlement projects were managed by 17 prime sponsors. The HIRE program was operated under Title III authority and was funded in part through prime sponsors while the STIP program was carried out under the Secretary's discretionary authority and provided resources on a competitive basis to 45 percent of prime sponsors. States administer portions of the funds for Title III older worker programs. They also received a set-aside under the Young Adult Conservation Corps while it existed.

The Building Blocks

The Comprehensive Employment and Training Act specifies the activities that are allowable under these various funding categories, with further specification provided by the federal regulations and the management information system. There are three major classifications of training under state and local programs:

- Classroom occupational skills training is normally conducted in an institutional setting and is designed to provide individuals with technical skills and information required to perform a specific job or group of jobs. The training must be in occupations where there is a reasonable chance of employment. It is not allowed for high turnover, low wage jobs. Training may last up to two and a half years. Trainees are entitled to an hourly allowance equal to the minimum wage plus supplements for dependents and for extraordinary participation costs, although allowances are reduced for public assistance and unemployment compensation recipients. Stipends may be received for only two years of training. Classroom training provided to workers already employed but in low level jobs is labeled upgrading. If it is provided to displaced workers, it is labeled retraining.

- Other classroom training is also usually conducted in an institutional setting and provides basic skills needed to perform generally in the labor market, rather than in a specific job. It includes remedial education, preparation for a high school equivalency degree, training in English as a second language, and, in some cases, school-to-work transition activities.

- On-the-job training is a combination of work, orientation, and skill training conducted primarily in a private sector workplace after the participant has been hired by the employer. It aims to provide the skills specifically needed to adequately perform in this job. In matching participants and jobs, the aim is to assure that the trainee lacks the education, training, or work experience normally required by the employer. The employer is, then, reimbursed for the extra supervision needed by, and lower productivity of, disadvantaged participants, as well as for any outside training costs. The reimbursement ordinarily equals 50 percent of the participant's wage during the period of training, at the end of which time successful trainees continue in unsubsidized jobs with the employer.

CETA also authorizes a range of pre-employment activities for participants with little or no labor market experience, primarily youth. These activities, which are usually more limited in intensity than classroom and on-the-job training, are included in a separate category labeled employment and training services, but are very closely related to training, as well as being difficult to distinguish from each other:

- Vocational exploration activities expose participants to jobs available in the private sector through observation of workplaces, classroom instruction, and, if appropriate, limited practical work experience as long as it does not contribute to additional sales or profits of private for-profit employers.

- Transition services provide labor market information, job search assistance, needs assessment, counseling and placement for in-school youth.

- Job search assistance seeks to teach participants what is expected by employers at the hiring door, as well as where and how to find jobs. Job search activities are a component of vocational exploration and school-to-work transition efforts, but they may also be offered separately as a short-duration intervention.

Last, but hardly least, there are two employment-oriented components:

- Work experience is a subsidized short-term or part-time work assignment with a public or nonprofit employer which is designed to enhance employability through the development of good work habits and basic work skills. Whether offered as a summer or part-time in-school activity for youth, an aging vat for dropouts, or a labor market reentry vehicle, the primary aim of work experience is to provide a stepping-stone for persons who have never worked or who have not been working for an extended time. The progress of the participant in work experience positions is to be reviewed every two months in order to assess the appropriateness of a transfer to another activity. The amount of work experience for an individual is limited to 1,000 hours during any one-year period and 2,000 hours during a five-year period, although the limitations do not apply to in-school youth.

- Public service employment is fully-subsidized work in regular government and nonprofit sector jobs in such fields as environmental quality, child care, health care, education, crime prevention and treatment, recreation, transportation, park and public facility maintenance, conservation, housing, and neighborhood improvement. PSE is an option for workers with previous experience and skills who are suffering from temporary setbacks, in which case it is distinguished from work experience by the types of individuals served as well as the levels of supervision and performance required on the job assignments. PSE jobs may in many cases be quite similar to work experience assignments, but work experience is more restrictive than PSE.

Each of the titles and subtitles of CETA specifies which of these activities is allowable and for whom. Under formula-funded programs, the prime sponsor chooses among these allowable activities, specifying the service mix in the annual plan submitted and approved by the Department of

Labor. Occupational skills training, other classroom training, and on-the-job training are allowable activities under all the separate subparts of CETA. It is possible for prime sponsors to allocate all funds received by formula (except the limited amount under YCCIP) for these training activities. History and convention would militate against such a decision in the case of PSE (IID and VI) and in summer programs, but there is no doubt that a decision to expend all of IIBC, YETP and PSIP resources on training of one sort or another would be acceptable. Public service employment is permissible only under Titles IID and VI, and is, therefore, essentially proscribed for fiscal 1982 as a result of the elimination of funding for these titles. Employment and training services and work experience are allowable under all titles.

These broad primary activity classifications encompass treatments which may vary significantly in intensity, duration, and focus. For instance, classroom training in occupational skills may last anywhere from a few weeks of part-time training up to two and a half years of full-time instruction. OJT may be a way of placing a student in a part-time school-year job or an arrangement for a year or more training in a worksite combined with supplemental classroom instruction. Work experience may be five hours weekly employment for an in-school youth or full-time work for an adult. Job search assistance may be as short as a few days, while school-to-work transition may be a set of activities stretching over a junior and senior year and the intervening summer, or placement assistance and occupational exploration activities concentrated in the last semester before school-learning.

There is also substantial overlap between these categories. A participant is identified with a particular primary activity according to the predominant focus of treatment during the period of participation. If occupational skills training accounts for 51 percent of time and remedial education 49 percent, the individual is counted as a skills training participant. An on-the-job trainee may also be receiving outside classroom instruction. A participant in work experience may be receiving three hours of classroom training daily along with five hours of work. Most participants in CETA receive either employment and training services or supportive services as part of another primary activity. Under YETP, for instance, all in-school work experience must be combined with counseling, occupational information and efforts to overcome sex stereotyping--a combination labeled "career employment experience." Some CETA participants may move from one primary activity to another; for instance, from work experience to classroom training or from classroom training to on-the-job training. There is no special classification for persons who receive these sequential combinations; instead, they are assigned according to the major treatment during their period of participation.

Job Corps is a fourth category of training provided under CETA. Its legislatively-specified treatment combines occupational training, remedial education, work experience, OJT in some cases, as well as employment and training services in order "to assist young persons who need and can benefit from an unusually intensive program, operated in a group setting, to become more responsible, employable and productive citizens" The services which must be provided to each corpsmember at either residential or nonresidential centers include "an intensive, well-organized, and fully

supervised program of education, vocational training, work experience, planned vocational and recreational activities, physical rehabilitation and development, and counseling." Job Corps is also required to provide subsistence, transportation, clothing and equipment, recreational services, assistance in career planning, as well as monthly allowances during participation and readjustment allowances upon termination. Prime sponsors may use the resources allocated to them by formula under each of the seven CETA subparts to purchase training opportunities in Job Corps. For example, when Job Corps was doubled in size in the 1978-1980 period, several states offset the costs of establishing Job Corps centers in order to have a continuing residential treatment option located within the state. Participants in local programs may also be referred to Job Corps and are eligible for available opportunities equally with other applicants.

SECTION 2. A PROFILE OF CETA TRAINING

Dollars and Bodies

Given the multiple titles and subparts under CETA, each with its own allocation formula, target group, administrative rules, and activity combinations, it is difficult to precisely identify or simply describe CETA training. There are several alternate measures of activity levels which all must be considered in order to provide a full picture. Annual participants in a program or activity include those entering in the previous year and still receiving treatment, plus the new entrants; in other words, this measure includes some who received most of their services in the prior year and some who will receive them in the following year. The number of new participants, which includes only those entering during the year, is a better indicator of annual activity if the program has remained relatively stable in scale; however, the number of new participants exaggerates service levels during the phase-up of a program when participants are being brought on board throughout the year, and understates activities during a phase-down when few new participants are enrolled. Service years are calculated by averaging the end-of-quarter enrollments during the year. This figure roughly indicates the on-board strength maintained during the year, except when applied to summer and in-school programs which operate for only part of the year. A short-duration activity will have more total and new participants per service year than a long-duration treatment.

There were over 2 million enrollees in CETA programs in fiscal 1980. 1/ Over two-thirds of these new participants were assigned to work components as a primary activity, or nearly half if the summer program enrollments are excluded.

	New Participants (000s)	Distribution by Component
CETA Local Programs	<u>2,006.4</u>	<u>94.8%</u>
Classroom training	349.3	16.5
OJT	93.9	4.4
Youth transition services	83.9	4.0
Summer youth work experience	696.4	32.9
Nonsummer youth work experience	287.0	13.6
Adult work experience	62.5	3.0
Public service employment	378.2	17.9
Direct referral	29.4	1.4
Assignment unknown	25.8	1.2
Job Corps	<u>70.4</u>	<u>3.3</u>
National Programs	<u>39.4</u>	<u>1.9</u>
Total	<u>2,116.2</u>	<u>100.0</u>

Service years were only half of new enrollments, basically reflecting an average length of stay in CETA of around half a year. Work components accounted for two-thirds of the one million service years of employment and training activities estimated for fiscal 1980. 2/

	Service Years (000s)	Distribution
CETA Local Programs	<u>1,041.8</u>	<u>95.0%</u>
Classroom training	219.9	20.0
OJT	54.3	4.9
Youth transition services	41.3	3.7
Summer youth work experience	126.2	11.6
Nonsummer work experience for adults and youth	252.3	23.0
Public service employment	347.8	31.7
Job Corps	<u>35.7</u>	<u>3.2</u>
National Programs	<u>20.0</u>	<u>1.8</u>
Total	<u>1,097.5</u>	<u>100.0</u>

Costs may also be measured in several ways. The costs by program component, such as classroom training, OJT, or work experience, include all expenditures incurred in providing services to participants who are primarily in these components; for instance, the classroom training program component includes allowances, supportive services and employment and training services along with the costs of purchasing or providing vocational or remedial training. Expenditures by functional activity disaggregate expenditures into categories such as administration, allowances, wages and fringes, worksite supervision, training, and services. The "training" functional activity category includes the costs of purchasing or providing vocational or remedial training for participants in classroom training as a primary activity and the employer reimbursement costs for on-the-job trainees, but also includes the training expenditures for participants in work experience and other primary activities, while excluding the costs of allowances or supportive services received by classroom trainees. Costs can be calculated on a per participant, per new participant, or per service year basis.

In fiscal 1980, the expenditures for training as a functional activity--for materials, training staff, and training facilities--totalled \$757 million under CETA programs other than Job Corps and an estimated \$59 million under Job Corps (if only the educational and vocational supplies and teachers in Job Corps are counted) (Table 2.1). The expenditures on classroom training as a primary activity (i.e., including allowances and services received by participants) amounted to over a billion dollars; those for OJT totalled one-fifth this amount and the total pricetag for Job Corps was a little less than one-half a billion dollars. Supplemental

Table 2.1
Fiscal 1980 CETA Training Activity

	Title IIBC	Supplemental vocational education	Title IV excluding Job Corps	Job Corps	PSIP	STIP	Title III	Title IID	Title VI	Total
Participants:										
Classroom training	493,683	--**	109,556	--	40,734	11,634	17,258	19,298	5,101	697,264
Occupational skills	(352,342)	--**	(41,044)	--	(29,358)	(11,143)	(11,728)	(12,139)	(3,738)	(461,492)
Other	(141,341)	--**	(68,512)	--	(11,376)	(491)	(5,530)	(7,159)	(1,363)	(235,772)
OJT	132,237	--**	11,775	--	16,571	1,303	16,273	2,253	834	181,246
Job Corps	--	--**	--	96,000	--	--	--	--	--	96,000
Total primary training activities	625,920	--**	121,331	96,000	57,305	12,937	33,531	21,551	5,935	974,510
Transition services	695	--**	115,094	--	147	--	--	306	--	116,242
PSE in training	1,209	--**	4,945	--	--	--	42	142,252	108,290	256,738
Supplementary training	1,904	--**	120,039	--	147	--	42	142,558	108,290	372,980
Person Years of Training:										
Classroom training	164,866	--**	24,558	--	15,112	5,725	3,044	5,080	1,483	219,868
Occupational	(128,665)	--**	(12,048)	--	(6,990)	(5,394)	(1,969)	(3,722)	(1,187)	(159,975)
Remedial	(36,201)	--**	(12,510)	--	(8,122)	(331)	(1,075)	(1,358)	(296)	(59,893)
OJT	40,042	--**	2,416	--	3,857	638	6,437	646	263	54,299
Job Corps	--	--**	--	35,700	--	--	--	--	--	35,700
Total primary training activities	204,908	--**	26,974	35,700	18,969	6,363	9,481	5,726	1,746	309,867
Transition services	--	--**	41,272	--	--	--	--	--	--	41,272
PSE training	302	--**	--	--	--	--	--	44,444	37,747	82,493
Supplementary training	302	--**	41,272	--	--	--	--	44,444	37,747	123,765
Expenditures specifically for vocational and remedial training materials and instruction (\$000s)	329,559	76,276	91,141	59,300	51,861	20,391	17,468	117,269	53,159	816,424
Expenditures by program component* (\$000s)										
Classroom training	696,041	77,601	100,830	--	60,205	42,499	7,171	20,940	9,194	1,014,481
OJT	145,345	1,832	8,659	--	18,458	1,692	18,354	2,691	1,922	198,953
Job Corps	--	--	--	471,000	--	--	--	--	--	471,000
Total primary training activities	841,386	79,433	109,489	471,000	78,663	44,191	25,525	23,631	11,116	1,684,434
PSE training	8,836	--	95	--	122	--	68	138,907	90,426	236,454
Vocational exploration	417	--	9,630	--	168	--	--	181	8,572	18,968
Transition services	8	--	31,128	--	134	2	--	--	--	31,272
Total all supplementary training activities	7,261	--	40,853	--	424	2	68	139,088	98,998	266,694

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*Does not include prime sponsor administrative costs or Department of Labor administrative costs in case of Job Corps.
**Participants counted in prime sponsor tallies.

Source: Employment and Training Administration, Department of Labor, Management Information System Fiscal 1980 Summary Reports and Job Corps Financial Reports, Fiscal 1980, unpublished.

training--transition services and vocational exploration as primary activities, and PSE training as an adjunct to subsidized work--added nearly three hundred million dollars to the training pricetag, raising it to almost two billion dollars.

The lion's share of CETA training was supported under Title IIBC (Table 2.2). Job Corps training represented a small share of person years of training, but a significant share of training program expenditures because of its intensity and duration. Conversely, PSE and transition services accounted for a substantial portion of participants receiving some training but a lesser share of person years and expenditures because of the limited duration and intensity of these supplemental training activities. Nevertheless, the phase-out of the public service employment titles in 1981 will substantially reduce the training levels under CETA, since PSE funded over a fifth of expenditures for actual training activities in 1980.

Program component costs vary markedly, reflecting differences in intensity and duration, as well as wages and allowances to participants. The total service year and per participant costs for classroom and on-the-job training under Title IIBC, including estimated administrative expenditures and supplemental vocational education grants, were over \$8,000 annually in fiscal 1980, compared to a full cost of over \$13,000 for Job Corps but under \$1,000 for transition services. 3/

Fiscal 1980 Program Component Cost Levels

	Cost Per Slot	Cost Per Participant	Cost Per Service Year
Classroom training (Title IIBC including supplementary voca- tional education)	\$3,420	\$2,481	\$ 8,046
OJT (Title IIBC)	2,182	1,638	6,088
Job Corps	6,597	6,706	13,193
Transition services (YETP)	455	324	905
Work experience (Title IIBC)	2,036	1,641	5,311
Public service employment (Title IID and VI combined)	8,503	3,702	9,030

The Substance of Training

Job Corps is the most intensive and comprehensive of the training interventions. Enrollees are normally allowed to stay two years--or longer under exceptional circumstances such as participation in advanced training--and average tenure for Corpsmembers completing a vocational program in 1980 was 1.1 years. The 6.0 month average duration of stay for participants was due to the large proportion of early leavers. Two-fifths of participants remained less than 90 days, while another three in ten left before completing their full vocational program. 4/

Table 2.2
Training Activity by CETA Subpart, Fiscal 1980

	Share of total expenditures on training as a program component (i.e., GJT, classroom training and Job Corps)	Share of total expenditures specifically for vocational and remedial instruction and materials	Share of total participants in training as a program component	Share of total participants in training as a program component, plus participants in PSE training and transition services	Share of total person years in training as a program component	Share of total person years in training as a program component, plus person years of PSE training and transition services	Share of full-time equivalent person years of training counting transition services and PSE training as half-time
IIBC	49.95	40.45	64.25	44.95	66.15	47.35	55.25
Supplemental vocational education	4.7	9.4	•	•	•	•	•
Youth employment	6.5	11.2	12.5	17.3	8.7	15.7	12.8
IID	1.4	14.4	2.2	11.7	1.8	11.4	7.5
VI	0.7	6.6	8.6	8.2	8.6	9.1	5.5
III	1.5	2.1	3.4	2.4	3.1	2.2	2.6
STIP	2.8	2.5	1.3	0.9	2.1	1.8	1.7
PSIP	4.7	6.2	8.9	7.8	6.1	4.4	9.1
Job Corps	28.0	7.3	9.9	6.7	11.5	8.2	9.6
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

*Participants counted under Title IIBC totals in CETA HIS system.

Source: Employment and Training Administration, Department of Labor, calculations from Management Information System Fiscal 1980 Summary Reports and Job Corps Financial Reports, Fiscal 1980, unpublished.

During the period of participation, Job Corps training, work and education activities are provided 40 hours weekly, usually split evenly between education and vocational training (plus work) during the first six months, with a greater concentration on vocational training beyond this point. Remedial education programs in Job Corps provide individualized, self-paced instruction which spans the pre-reading through high school equivalency level. There are provisions for advanced students to attend college and post-secondary institutions with Job Corps support. Vocational training in Job Corps centers is primarily in the clerical and service occupations for females, and construction or automotive repair for males. 5/

Occupations of Training
1978 Job Corps Terminees

	Total	Males	Females
Professional	1.0%	.6%	2.5%
Clerical and sales	13.7	3.8	42.7
Health occupations	8.8	1.0	30.5
Food services	9.6	11.2	8.4
Other services	6.7	9.3	2.3
Construction trades	25.0	36.7	3.2
Forestry, farming and conservation	1.3	1.7	.6
Electrical appliance repair	1.3	1.9	1.3
Automotive and machine repair	13.5	20.0	1.3
Transportation	8.9	1.0	.8
Industrial production	10.2	12.9	6.5

Corpsmembers at most residential centers play a major role in maintenance, food service, health care, and clerical work, as well as undertaking capital improvements on and construction of facilities as part of vocational skill training. Work experience is provided in conservation activities in those centers located on federal lands. There are also provisions for on-the-job training in the private sector as a transition mechanism for some terminating Corpsmembers.

All participants must complete an initial world-of-work program, which, in part, is used to determine the appropriate vocational training assignment. Counseling, guidance, and orientation are available on an as-needed basis. Allowances are \$40 monthly at entry, rising to as high as \$100 per month for participants remaining over six months. There is a readjustment allowance paid upon termination and based upon duration of stay. Job Corps also provides room and board, clothing, recreation and entertainment. All participants who stay more than 30 days receive comprehensive health care; those staying over 90 days receive full dental treatment.

The breakdown of 1980 Job Corps costs reflected these comprehensive services: 6/

Center operations:	65.2%
Residential living and food	(8.5)
Education and vocational materials and staff (including union programs	(12.6)
Maintenance and utilities	(9.6)
Work project expenses	(8.8)
Administrative and other staff	(25.7)
Pay and allowances	8.8
Travel	1.3
Recruitment and placement	3.2
Capital	14.8
Other	7.0

According to Job Corps records, two-thirds of trainees are "placed" in employment, and more than nine of ten are positive terminations. 7/ However, follow-up surveys indicate a much lower employment rate. For instance, 1977 Corpsmembers were employed two-fifths of the weeks in the first post-termination year. Just half were employed 18 months after termination and only a fourth were employed full-time. Less than a fifth claimed that placement assistance had been provided which helped in getting at least one post-program job. 8/ Because less than a third of entrants completed training, while only a proportion of these found employment and a smaller proportion found training-related jobs, a best estimate is that just one in seven entrants completed a full vocational program and was subsequently employed in a training-related job. 9/

Classroom training under CETA is shorter duration, with an average stay in fiscal 1980 of 5.1 months. Among 1977 classroom trainees who considered themselves to be "completers," a third stayed less than three months and just one in twenty received more than a year of training. 10/

Length of Stay 1977 Classroom Trainees

Time Enrolled in CETA	Percent Among All Trainees	Percent Among Trainees Considering Themselves Completers
Less than 30 days	10.3%	6.7%
30-59	13.1	12.0
60-89	14.7	15.0
90-119	13.0	13.4
120-149	9.3	10.4
150-179	8.9	9.6
180-239	9.8	12.7
240-359	12.4	14.7
360+	5.1	5.2

Local classroom training averaged between 22 and 26 hours per week in fiscal 1976. 11/ A typical completer with a little over 22 weeks of participation thus received between 500 and 600 hours of treatment, or roughly

one-fourth the treatment hours (excluding recreation and center life activities) of the average Job Corps completer.

Among 1977 trainees, a fifth reported that they were in education activities, a little less than a fifth were in a combination of vocational and educational activities, and the remaining three-fifths were in skills training alone. ^{12/} For classroom training across all CETA titles in 1980, 66 percent of classroom training participants were involved primarily in occupational skills training and 34 percent primarily in "other" training. Excluding classroom training funded under Title IV youth programs, the rates were 72 percent and 28 percent, respectively. ^{13/}

The preponderance of vocational training is in the clerical and construction-related occupations: ^{14/}

Occupations of Training	Percent of Fiscal 1976 Classroom Occupational Trainees	Percent of Fiscal 1975 Classroom Occupational Trainees	
	Total	Males	Females
Professional and managerial	7%	8%	8%
Clerical	36	8	46
Crafts		31	3
Construction crafts	5		
Welding	11		
Other crafts	19		
Assemblers/laborers			
farm workers/ garage workers	3	10	1
Nontransportation operatives	4	25	11
Transportation operatives	3	6	--
Service workers	16	12	31

Consistent with the regulations, local classroom trainees usually receive the minimum wage for hours of participation unless they are welfare recipients, in which case they receive a training stipend. Between a fifth and fourth of 1976 participants either received no allowance or less than a minimum wage equivalent. ^{15/}

Hourly Allowance Reported by Fiscal 1976 Participants
(Minimum wage changed from \$2.10 to \$2.30 mid-year)

\$ 0-.99	8%
1.00-1.99	11
2.00-2.49	66
2.50-2.99	3
3.00+	12

Among fiscal 1976 classroom trainees, half received manpower services and one in five received other supportive services according to prime sponsor records (which probably understate the extent of services received): 16/

Services Received by 1976
Classroom Trainees

Manpower Services	<u>50%</u>
Counseling	24%
Testing	11
Orientation	10
Coaching	5
Job Referral	11
Follow-up	14
Other	13
Supportive Services	<u>18%</u>
Health Care	13%
Child Care	7
Transportation	7
Residential Support	1

The full costs of fiscal 1978 classroom training under the comprehensive CETA Title IIBC were distributed as follows, according to the best estimate from management information system data: 17/

Administration	18.1%
Allowances	42.2
Training	21.4
Services	16.1

A review by the General Accounting Office of fiscal 1977 Title IIBC (then Title I) occupational training activities in a stratified sample of prime sponsors found that half of trainees were placed in unsubsidized employment at termination; 36 percent were placed in training-related jobs; and 32 percent were placed in training-related jobs which they retained half a year or more. 18/ For a larger and more representative sample of fiscal 1977 enrollees in both occupational and "other" classroom training, 44 percent entered unsubsidized employment; 40 percent were in some other status; and 16 percent were not tracked. Thus, half those with status recorded were placed. 19/ There is no exact record of training completion because there are no graduation standards. Half of 1977 classroom trainees did not know whether they had completed or not, but among those who had a view, three-fourths considered themselves to be completers. 20/

On-the-job training is usually short-term. Although there is significant variability in the scheduled length, the average duration of stay in 1980 was 4.3 months. Among 1977 completers, over a third were in OJT less than 90 days, while a fifth participated half a year or more. 21/

Length of Stay
1977 On-the-Job Trainees

Time Enrolled in CETA	Percent Among All Trainees	Percent Among Trainees Considering Themselves Completers
Less than 30 days	9.2%	3.6%
30-59	15.7	12.1
60-89	18.3	20.3
90-119	20.1	21.1
120-149	12.1	12.9
150-179	8.9	8.1
180-239	9.8	13.2
240-359	4.3	7.6
360+	1.6	1.4

The primary occupations of assignment are in the clerical, service, nontransportation operative and craft occupations. 22/

Occupations of Job/Training Assignment	Percent of Fiscal 1976 On-The-Job Trainees	Percent of Fiscal 1975 On-The-Job Trainees	
	Total	Males	Females
Professional and managerial	8%	11%	8%
Clerical	19	11	48
Crafts		29	3
Construction crafts	6		
Welding	3		
Other crafts	16		
Assemblers/laborers			
farm workers/			
garage workers	10	14	4
Nontransportation			
operatives	21	25	22
Transportation			
operatives	6	4	--
Service workers	12	8	15
Private household workers	--	--	2

OJT participants receive the usual entry wage of the jobs to which they are assigned. For fiscal 1976 participants, the average wage was \$3.21, or more than half again the \$2.10 minimum at the start of the year and two-fifths above the \$2.30 rate in effect at the end of the year. 23/

Hourly Wage Reported	Percent of Fiscal 1976 OJT Participants
\$2.00-2.99	49%
3.00-3.99	33
4.00-4.99	12
5.00+	6

A little over two-fifths of OJT participants receive manpower services in addition to training on the job, and less than a fifth receive supportive services. 24/

	Percent of Fiscal 1976 On-The-Job Trainees Receiving Services
Manpower Services	<u>43%</u>
Counseling	19%
Testing	9
Orientation	13
Coaching	5
Job Referral	18
Follow-up	11
Other	6
Supportive Services	<u>17%</u>
Health Care	16%
Child Care	8
Transportation	7
Residential Support	2

The OJT reimbursement to employers is intended to cover the costs of extra supervision, diminished productivity, and onsite training. There are rarely any additional reimbursements for services because these are usually provided directly by the prime sponsor. The full costs of fiscal 1978 on-the-job training under the comprehensive Title IIBC were distributed as follows according to the best estimates from the management information system: 25/

Administration	17.6%
Employer reimbursement	67.0
Services	15.4

A study of on-the-job training as operated by a stratified sample of prime sponsors in fiscal 1977 found a placement rate of 58 percent at termination, with 38 percent retained in training-related jobs six months later. 26/ The findings from a larger sample of prime sponsors in 1977 found that among OJT participants, 69 percent entered employment upon termination, 24 percent had another termination status and 8 percent had no termination status recorded. The employment rate among those with a status noted was, thus, 74 percent. Among the 45 percent of participants cogni-

zant of completion or noncompletion of training, over three-fourths considered themselves to have been completers. 27/

Who Gets Trained

All CETA programs are targeted to individuals of limited employability. Yet within the eligible population (which varies with the differing eligibility standards from title to title), there is enormous diversity in background and potential, and presumably a wide variance in the need for and ability to benefit from different employment and training activities. A major task of local decisionmakers is to decide on the mix of activities to be supported under each allocation and all allocations taken together. A second task is to decide how to divide up the different service opportunities among enrollees.

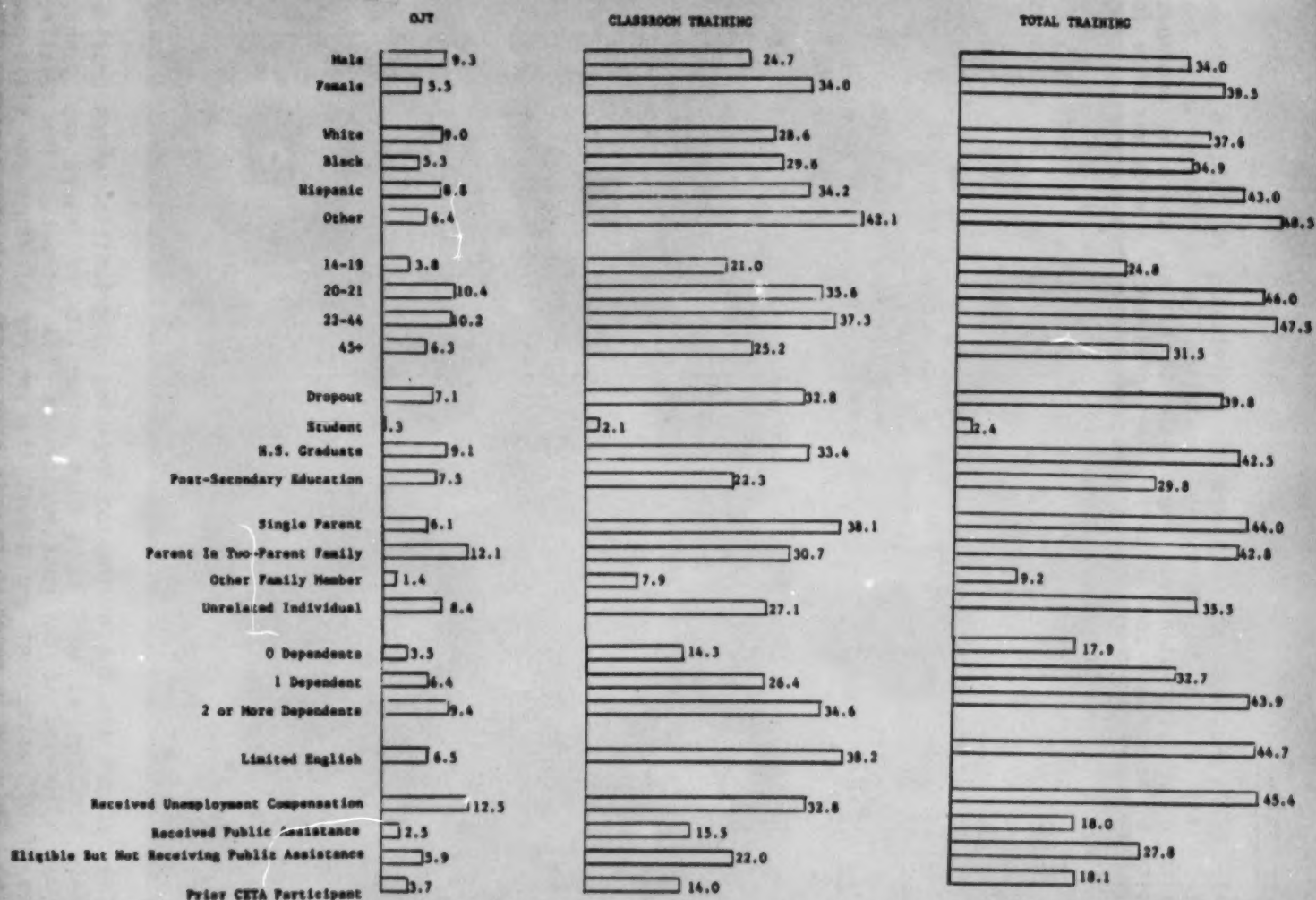
During fiscal 1980, classroom training opportunities were available for less than a fifth of the two million new participants in local CETA programs, or for three in ten of the entrants into nonsummer programs. OJT opportunities were available for less than one in twenty enrollees, or 8 percent excluding the summer participants. Job Corps opportunities represented only 5 percent of the youth enrollments in CETA local programs.

The chances of assignment to classroom training were substantially higher for those 1980 enrollees who were female, Hispanic, Indian and Asian, persons with limited English speaking ability and single parents (Figure 2.1). Using as a benchmark the white male high school graduate's probability of assignment to classroom training (29 percent), the relative probabilities were as follows:

Percent Subgroup Assigned to Classroom Training Divided by Percent for White Male High School Graduates	
Female	117%
Black	102
Hispanic	118
Other	145
14-19	72
20-21	123
22-44	129
45+	87
Dropout	113
Student	7
Single parent	131
Limited English	132
Received unemployment compensation	113

The "plums" are the on-the-job training opportunities which provide immediate earnings as well as a high probability of future employment. These are allocated to the most employable CETA entrants. The relative chances of OJT assignment are almost the inverse of those for classroom training. Only one in seven white male high school graduates entering CETA

Figure 2.1
Probability of Initial Training Assignment Under CETA Local Programs
For All Fiscal 1980 Participants (Excluding Summer Enrollees)



Source: CETA Supplemental MIS Tables by Initial Program Assignment, New Enrollees During October 1979-September 1980. (Employment and Training Administration, Office of Policy, Evaluation and Research, 1981).

in 1980 was assigned to OJT, but this rate was more than double that for other CETA enrollees.

Percent Subgroup Assigned to On-The-Job
Training Divided by Percent
for White Male High School Graduates

Female	385
Black	36
Hispanic	60
Other	44
14-19	26
20-21	71
22-44	70
45+	42
Dropout	49
Student	2
Single parent	42
Limited English	44
Family received public assistance	17

As a result of these varying assignment probabilities, males accounted for 63 percent of the new participants in OJT in fiscal 1980 but only 43 percent of classroom trainees and 45 percent of adult work experience enrollees. Three-fifths of OJT participants were whites, compared to less than two-fifths of youth program participants. School dropouts accounted for nearly two-fifths of classroom trainees but only a third of total enrollees (Table 2.3).

The relative employability of participants assigned to different components can be estimated by weighting entry characteristics according to their marginal relationship to post-program earnings (as derived from regression equations of the two-year post-program earnings of 1975 participants, controlling for component and duration of stay). The projected earnings of 1977 classroom trainees were 89 percent those of all non-summer CETA participants, while the projected earnings of on-the-job trainees 122 percent of the average. ^{28/} In other words, the "employability" of the OJT participants was nearly two-fifths above that of the classroom trainees as measured by likely earnings in the absence of participation by this method. Another estimate of relative earnings potential is provided by the 1977 and 1978 earnings of control groups selected from the 1976 Current Population Survey sample and matched to fiscal 1976 CETA entrants on the basis of a number of variables. ^{29/} This approach suggests a one-fourth differential in earnings potential between participants assigned to OJT and those assigned to classroom training.

	1977 Social Security Covered Earnings	1977 Social Security Covered Earnings as Percent Average for All CETA Controls	1977-1978 Social Security Covered Earnings	1977-1978 Social Security Covered Earnings as Percent Average for All CETA Controls
Classroom training control group	\$3513	995	\$7413	985
OJT control group	4430	125	9394	124
PSE control group	4589	129	9771	129
Work experience control group	3061	86	6739	89
All nonsummer CETA control group	3548	100	7577	100

Table 2.3
Characteristics of New Enrollees Assigned to Different Local CETA Components, Fiscal 1980

	Classroom Training	OJT	Private Sector Initiative Program (mostly classroom and on-the-job training)	Public Service Employment	Adult Work Experience	Youth Program Other Than Classroom Training and OJT	Direct Referral
Male	43	63	59	55	45	50	55
Female	57	37	41	45	55	50	44
White	48	60	47	53	59	38	44
Black	36	28	33	37	38	48	38
Hispanic	11	11	17	7	8	11	14
All other	5	3	4	2	5	3	4
Less than 16	1	0	1	0	--	29	--
16-19	26	17	24	12	--	63	12
20-21	15	16	16	14	--	7	14
22-44	53	66	55	63	83	1	57
45-54	4	4	4	7	9	--	6
55+	1	2	1	4	8	--	11
Single parent	25	16	17	19	24	8	17
School dropout	39	33	29	31	36	12	36
Student	5	8	6	1	2	74	2
Family received public assistance	34	21	25	30	33	45	25
Prior participant in CETA	17	17	19	18	17	24	18
Limited English	7	5	6	2	2	3	6

Source: CETA Supplemental MIS Tables by Initial Program Assignment--New Enrollees During October 1979-September 1980.
(Employment and Training Administration, Office of Policy, Evaluation and Research, 1981).

Assignment patterns must respond to the interests of individual participants as well as to their relative employability. Most CETA entrants want a job not training. Three-fourths of fiscal 1977 nonsummer local participants entered CETA primarily because they wanted a job or a better job, while only 21 percent claimed that they wanted job training and 3 percent wanted to improve basic skills (Table 2.4). Of those seeking training or basic skills improvements, 56 percent were assigned to classroom training, and 8 percent to OJT. Among this group who wanted and were assigned to training, 87 percent entered CETA with a specific type of training in mind and two-thirds of these received it. Looking at the half-empty cup, half of participants who wanted job training either did not get assigned to training or did not get the type of training they sought (unless provided through work experience or public service employment). White male entrants were least likely to want job training or basic skills, which was fortuitous since white and black males were much less likely than females to get training if they wanted it. On the other hand, among those who wanted jobs rather than training, females were more likely than males to receive training instead. Most summer youth program enrollees simply wanted a job, but among the minority seeking training, many did not get it. The percentage of participants who wanted and got training was 64 percent excluding the summer program but only 53 percent including it.

Job Corps is a major source of training for disadvantaged and dropout youth. The 70.4 thousand new Job Corps enrollees during fiscal 1980 equaled nearly half the total youth enrollments in classroom training under local CETA programs. The five in six Corpsmembers who were dropouts represented one-third the number of dropout youth enrolled in all local CETA programs and half again the number of dropout youth who participated in local classroom or on-the-job training. 30/ Job Corps entrants have been characterized as the "hardest of the hard-core." The typical Corpsmember faces almost overwhelming barriers to employment. Only half of 1977 Job Corps participants came from two-parent families compared to four-fifths of all youth; the average size of their families was 6.4 persons, compared to 3.4 for the total youth population (Table 2.5). Income per family member was less than a third that for the total population. The average reading and math performance at entry was below the sixth grade level. In addition, a fourth of Job Corps enrollees had applied for but been rejected by the military. Over a third had never held a job of 20 hours or more per week which lasted a month. Two-fifths had previous arrests and three in ten previous convictions. 31/ The annual earnings of youth comparable to those who entered Job Corps in 1977 averaged only \$2700 over the next two years, or less than three-fourths of the 1977 Social Security covered earnings of controls for 1976 CETA classroom trainees, three-fifths of the earnings of OJT controls, and three-fourths of the earnings of controls for all nonsummer participants. 32/

Trends in Training

Employment and training activities experienced phenomenal growth in the 1960s and 1970s. In constant 1980 dollars, total expenditures rose from next to nothing in 1961 to the billion dollar level in 1965, doubled again in 1966, and then, after leveling off between 1967 and 1970, doubled once more to a level of over \$6 billion by 1972. After another plateau,

Table 2.4
Primary Motivation for Entering CETA and Assignment Within CETA for Fiscal 1977 Local Enrollees

Summer and Nonsummer Participants							
	Total	White Males	White Females	Black Males	Black Females	Hispanic Males	Hispanic Females
Percent who wanted job training	14.2%	12.0%	16.0%	11.2%	14.9%	18.3%	15.3%
Percent who wanted basic skills training	1.9	1.4	2.1	.7	2.3	2.9	3.4
Percent who wanted job or basic skills training	16.1	13.4	18.1	11.9	17.2	21.2	18.7
Percent who wanted job or basic skills training who were assigned to classroom training	46.1	42.5	57.2	38.2	43.8	39.6	46.9
Percent who wanted job or basic skills training who were assigned to classroom or on-the-job training	52.6	54.2	62.8	42.6	46.3	52.6	48.8
Percent who wanted job or income who were assigned to classroom training	4.8	3.9	5.8	3.6	4.9	7.1	6.5
Nonsummer Participants							
	Total	White Males	White Females	Black Males	Black Females	Hispanic Males	Hispanic Females
Percent who wanted job training	21.2%	16.5%	22.9%	21.6%	24.7%	27.0%	20.8%
Percent who wanted basic skills training	3.2	2.3	2.9	1.6	4.9	4.8	7.0
Percent who wanted job or basic skills training	24.4	18.8	25.8	23.2	29.6	31.8	27.8
Percent who wanted job or basic skills training who were assigned to classroom training	56.0	47.9	63.8	46.7	61.5	44.4	66.8
Percent who wanted job or basic skills training who were assigned to classroom or on-the-job training	63.9	61.1	70.0	52.0	65.1	58.9	69.5
Percent who wanted job or income who were assigned to classroom training	9.9	6.5	10.2	9.1	13.9	13.8	15.7

Source: Continuous Longitudinal Manpower Survey, Fiscal 1977 New Enrollees, Westat, Inc., unpublished tabulations.

Table 2.5
Family Background at Age 15:
1977 Job Corps Participants and U.S. Population

	U.S. Population	Job Corps Participants
Percentage living with two parents	78%	52%
Percentage living with one parent	18	34
Percentage living with other relatives	less than 1	9
Percentage living alone	3	1
Percentage institutionalized	1	2
Family size	3.4	6.4
Percentage living outside U.S.	less than 1	5
Percentage in non-English-speaking households	4	15
Education of father or other male head (highest grade completed)	12.5 grades	9.2 grades
Percentage of fathers completed high school	70	36
Education of mother or other female head (highest grade completed)	12.4 grades	10.0 grades
Percentage of mothers completed high school	70	40
Family earnings	\$12,400	\$7,900
Family income	\$14,500	\$8,800
Percentage of families below poverty level	9	44
Percentage of families below poverty level or receive welfare assistance	13	59
Percentage of families receiving public transfers	21	55
Percentage of families receiving cash welfare	8	30
Percentage of families receiving food stamps	5	29
Percentage of families living in public housing	2	17
Percentage of families receiving unemployment benefits	14	19

Source: Stuart Kerachsky, et al., "An Examination of Job Corps Participation," in Assessments of Job Corps Performance and Impacts, Volume I (Washington, D.C.: Government Printing Office, May 1980), pp. 363-364.

real expenditures increased to over \$7 billion in 1976 and a peak of more than \$12 billion in fiscal 1978 before declining by a third to less than \$9 billion in 1980. ^{33/} Real expenditures will decline by half in fiscal 1981 and to a third the 1980 level in fiscal 1982.

Training components increased in real and absolute terms, but at a much more modest pace (Figure 2.2). Outlays for classroom and on-the-job training and Job Corps rose to \$650 million (1980 dollars) in 1968, then leveled off and were still less than \$700 million in 1974. They, then, began rising steadily to the \$1.9 billion level in 1980. Where training expenditures predominated in the policy mix for the first decade of manpower programs, representing 63 percent of constant dollar outlays in 1969, they fell to only 15 percent in 1978 before rebounding to 21 percent in 1980 as a result of cutbacks in the CETA jobs components.

The pace of expansion, and the relative emphasis on work versus training, has fluctuated significantly from year to year. While the annual increments in real expenditures display a cyclical pattern, large increases in job creation have absorbed the extra resources that might otherwise have gone for training during the growth cycles (Figure 2.3).

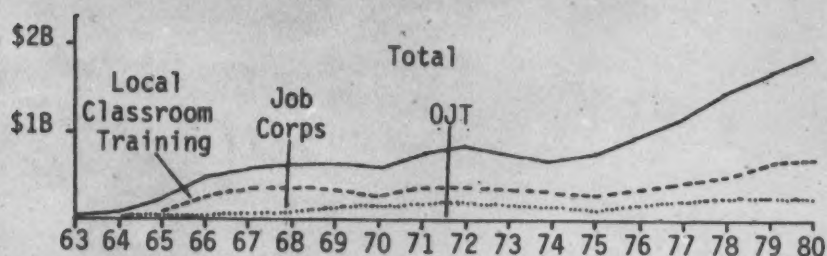
The relative emphasis on the different training approaches has also shifted over time. On-the-job training represented less than a tenth of training expenditures from 1963 through 1968. It increased to 22 percent from 1969 through 1973, but declined to an average of 16 percent of training expenditures over the remainder of the decade. The intensive remediation approach of Job Corps accounted for nearly half of training expenditures in the program's heyday from 1966 through 1968, then declined to less than a fourth over the next ten years until an expansion was initiated which doubled real expenditures and nearly doubled enrollment. Finally, locally-delivered classroom training increased from half of outlays during the 1960s to 55 percent in the first half of the 1970s and 63 percent in the second half.

As a result of these increased training investments, the number of annual new participants in Job Corps, classroom and on-the-job training rose to 336,000 in fiscal 1967, increased more slowly to 481,000 by 1972, then declined until 1977, before accelerating to 701,000 new participants in 1979 (Figure 2.4). Classroom enrollments accounted for almost all of this growth. In fact, there were only half as many new OJT participants in 1980 as in 1972. Annual enrollments in OJT in the five years before the implementation of CETA averaged half again the level attained between 1975 and 1980.

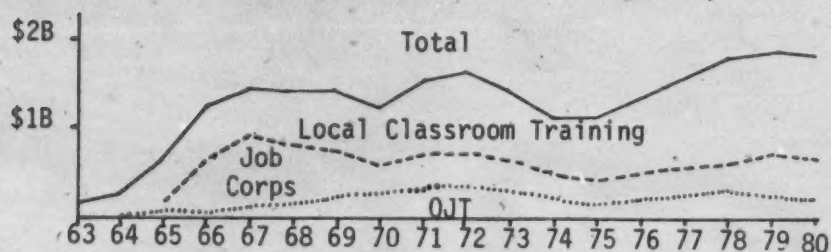
The growth of CETA training enrollments is much less impressive when measured relative to the expanding labor force. Despite a two-fifths increase in annual enrollments over the 1970s, the number of annual new training participants rose only from .56 percent to .66 percent of the labor force and will decline to the earlier level in fiscal 1981.

The same trends are evident when training is measured in service years (Figure 2.5). The service years of OJT during the 1975-1980 period of "decentralization and decategorization" under CETA were less than two-thirds the levels achieved from 1969 through 1974 under federally-directed categorical programs. Job Corps represented three-tenths of service years

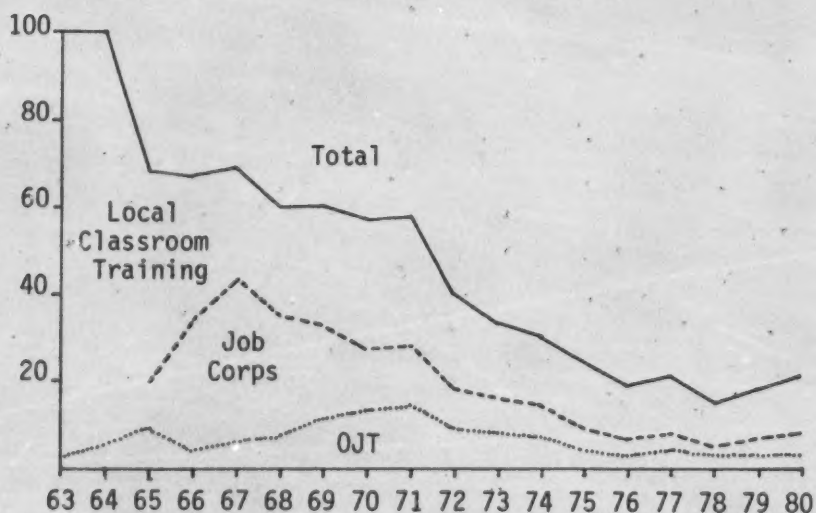
Figure 2.2
CETA and Antecedent Program Outlays
For Training (\$ Billions)*



Ceta and Antecedent Program Outlays
For Training (Constant 1980 \$ Billions)



Training Component Expenditures
as Percent of Total Expenditures
Under CETA and Antecedent Programs

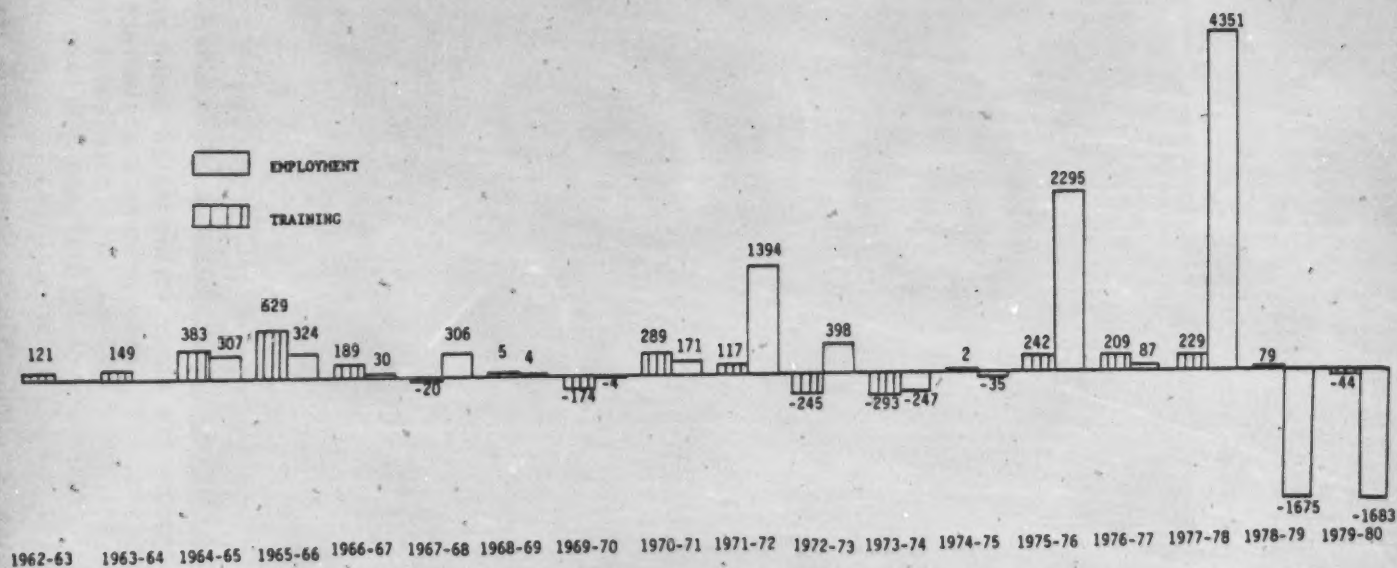


*The pre-CETA programs are those incorporated under the Comprehensive Employment and Training Act. Only primary training activities are included, i.e., excluding training which may be a supplement to work experience. Special national programs such as STIP and HIRE are included in the local classroom training and OJT figures.

Source: Estimates for 1963-1975 are derived from Office of Management and Budget unpublished tabulations; data for 1976-1980 were provided by Employment and Training Administration, Office of Administration and Management and Office of Job Corps and Young Adult Conservation Corps.

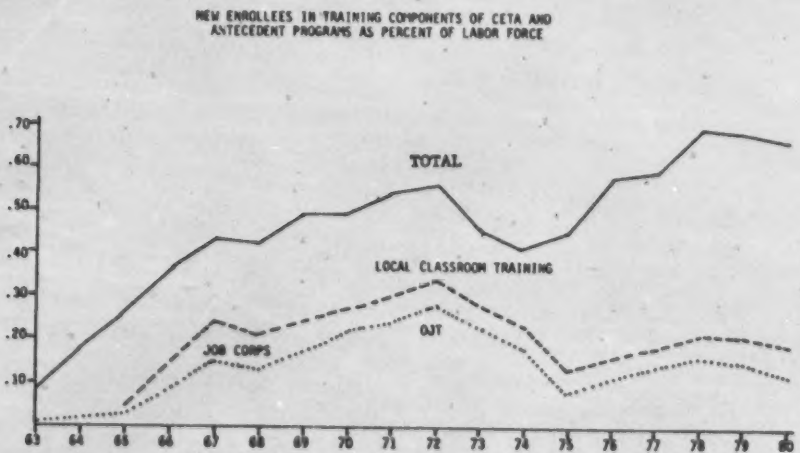
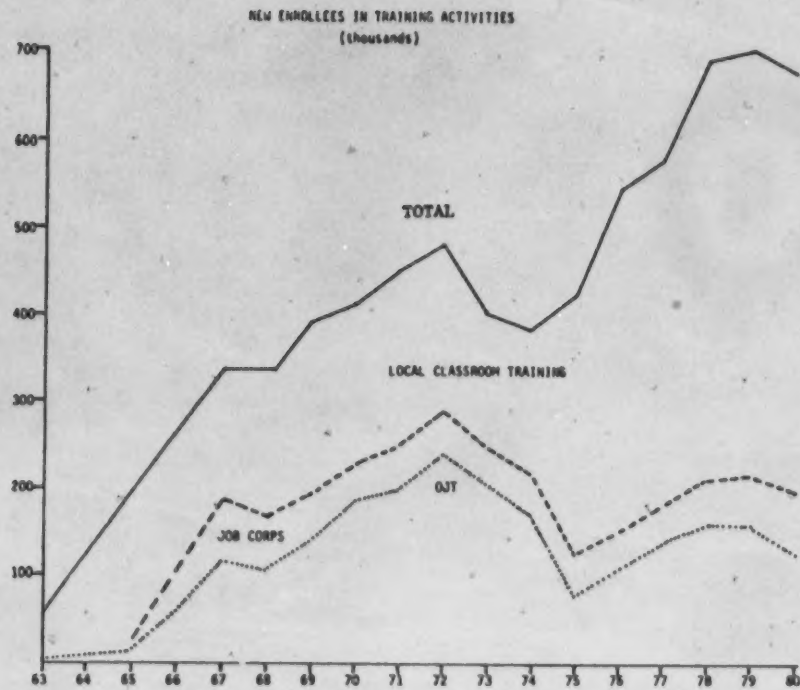
Figure 2.3
Year-to-Year Changes in Employment and Training Components
(Constant 1980 Dollars)

(\$Millions)



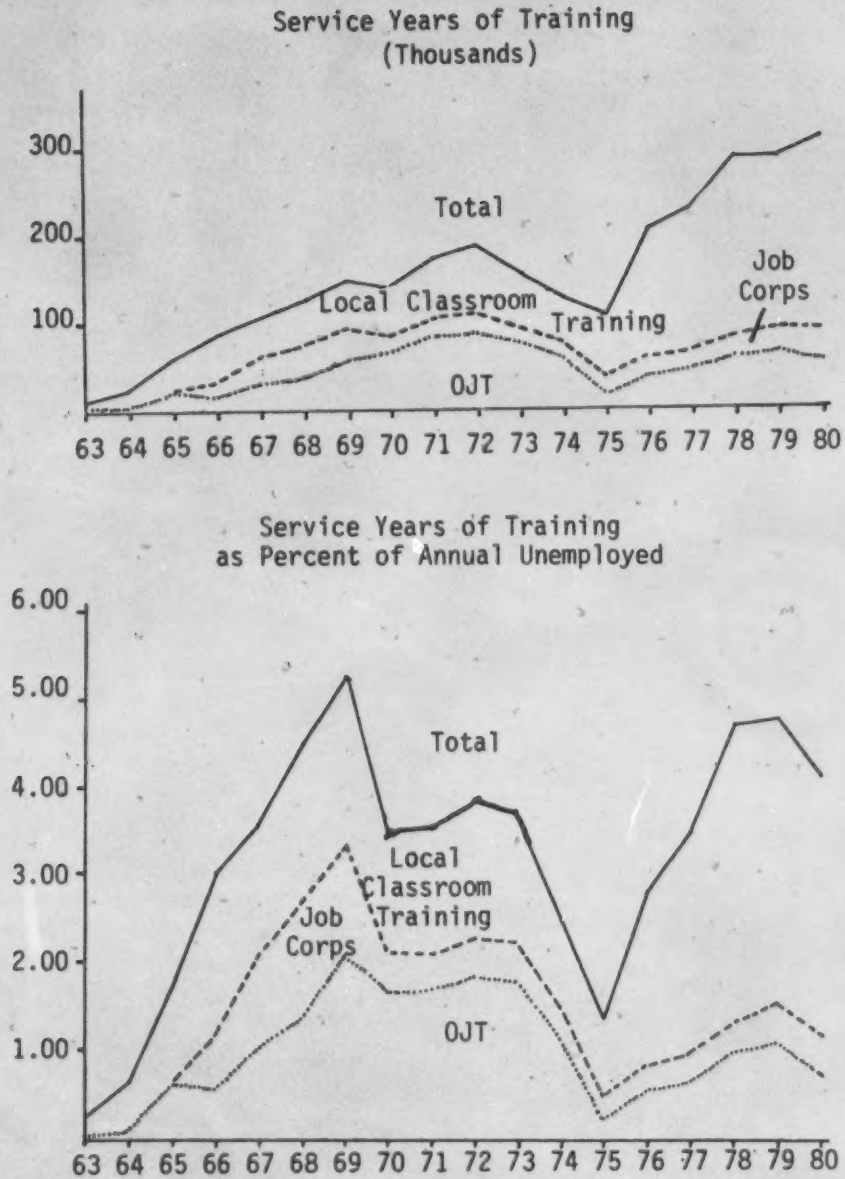
Source: Estimates for 1963-1975 derived from Office of Management and Budget unpublished tabulations; data for 1976-1980 provided by Employment and Training Administration, Office of Administration and Management and Office of Job Corps and Young Adult Conservation Corps.

Figure 2.4



Source: Manpower Reports of the President, 1964-1975; Employment and Training Reports of the President, 1975-1980; Employment and Training Administration, Annual CETA Management Information System Reports and Job Corps Management Information System Reports, unpublished.

Figure 2.5



Source: Manpower Reports of the President, 1964-1975; Employment and Training Reports of the President, 1975-1980; Employment and Training Administration, Annual CETA Management Information System Reports and Job Corps Management Information System Reports, unpublished.

in 1968 but fell to a tenth in 1976 and remained only a ninth in fiscal 1980 despite the doubling of the program. Local classroom training expanded in both absolute and relative terms. Again, the growth is less impressive when measured relative to the universe of need. Rapid expansion during the tight labor markets of the 1960s raised average on-board strength to 5.3 percent of average unemployment in fiscal 1969. Training enrollments then fell to 1.4 percent of average unemployment in fiscal 1975 before rising to 4.8 percent at the end of the decade. Thus, there was no increase over the 1970s in training relative to need as measured by the unemployment rate. On-the-job trainees equaled 2.1 percent of the unemployed in 1969, but only .7 percent in 1980.

Since most CETA training is provided under Title IIBC (formerly Title I); which also leaves the most flexibility for local decisionmakers and represents both the initial intent of CETA and the likely model of any future consolidated block grant, changes over time in the mix and content of "comprehensive" activities funded under this title are significant. Whether as a result of local preference for classroom training or as a reflection of the rapidly increasing resources for job creation available under other titles of CETA, classroom training outlays rose from a third of Title I expenditures in fiscal 1975 to nearly three-fifths of Title IIBC expenditures in fiscal 1980 (Table 2.6). On the other hand, OJT efforts received limited emphasis throughout the CETA regime. There was a substantial rise in the cost of classroom training in 1979 and 1980 due to legislated minimum wage rises which increased allowance components, and due to greater administrative costs resulting from the 1978 CETA amendments. In real terms, the cost of OJT slots has been relatively stable. The duration of classroom training increased from 4.3 months in 1976 to 5.1 months in 1980. This occurred despite increasing emphasis on shorter duration "other" classroom training--which accounted for three in ten classroom trainees in fiscal 1980. The duration of stay for occupational skills components was estimated to be 5.9 months in fiscal 1980 compared to 3.5 months in "other" training components. 34/

There have been some changes over time in the enrollee mix under local CETA training programs. From 1976 to 1979, the female share of new participants in classroom training rose from 50 percent to 60 percent (Table 2.7). Under the MDTA institutional program which, was the primary classroom training vehicle before CETA, women represented only two-fifths of enrollees. 35/ The tightening of eligibility requirements in the 1978 CETA amendments was reflected in an increased percentage of economically disadvantaged trainees. The veteran's share among training participants declined substantially over the post-Vietnam period, so that veterans represented just 9 percent of classroom trainees in 1980 compared to 25 percent of the MDTA institutional training enrollment. There has been little shift under CETA in the racial composition of participants, but a major shift from pre-CETA. Whites accounted for three-fifths of classroom training enrollments under MDTA compared to less than half under CETA. 36/ There has been a much smaller increase in the female share under OJT, although it should be noted that women accounted for 37 percent of trainees under CETA in 1980 compared to 22 percent under MDTA-OJT through 1974. There was also a declining enrollment of veterans and an increasing enrollment of low-income participants. 37/

Table 2.6
Training Activities Under CETA Title IIBC (formerly Title I)

	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>
Individuals Served:						
Classroom training	290,600	514,800	536,800	580,300	569,206	493,682
OJT	73,700	147,700	169,900	193,400	156,684	132,237
Total participants	1,122,000	1,731,500	1,415,600	1,331,500	1,193,727	1,113,844
Percent classroom training	25.9%	29.7%	37.9%	43.6%	47.7%	44.4%
Percent OJT	6.6%	8.5%	12.0%	14.5%	13.1%	11.9%
Service Years:						
Classroom training	68,953	146,363	173,380	188,046	163,329	152,212
OJT	16,692	38,987	44,490	54,463	40,230	35,589
Total service years	283,803	510,662	444,751	443,891	350,507	360,576
Percent classroom training	24.3%	28.7%	39.0%	42.4%	46.6%	42.2%
Percent OJT	5.9%	7.6%	10.0%	12.3%	11.8%	9.9%
Outlays (millions of dollars):						
Classroom training	\$ 309.6	\$ 606.2	\$ 739.8	\$ 872.6	\$ 941.5	\$1,224.6
OJT	77.9	168.4	207.5	257.8	224.0	216.1
Total outlays	900.0	1,698.0	1,759.0	1,875.0	1,800.0	2,145.0
Percent classroom training	34.4%	35.7%	42.1%	46.5%	52.3%	57.1%
Percent OJT	8.7%	9.9%	11.8%	13.8%	12.4%	10.1%
Cost Per Service Year:						
Classroom training	\$4,465	\$4,017	\$4,268	\$4,641	\$5,764	\$8,076
OJT	4,666	4,209	4,665	4,733	5,568	6,088
Cost Per Service Year (1980 dollars):						
Classroom training	\$6,837	\$5,817	\$5,804	\$5,862	\$6,542	\$8,046
OJT	7,144	6,095	6,344	5,978	6,320	6,088
Length of Stay (months):						
Classroom training	N.A.	4.3	4.8	5.2	5.2	5.1
OJT	N.A.	4.2	4.4	4.3	4.4	4.3

Source: Richard Wagner, "Historical CETA Data for Titles II-ABC (formerly Title I), II-D (formerly Title II), and Title VI Fiscal Years 1975 Through 1979," Mimeo. Employment and Training Administration, Office of Community Employment Programs, March 1980; and unpublished tabulations for fiscal 1980 from same source.

Table 2.7
Trends in Participant Mix Under CETA Local Programs*

	Classroom Training				
	1976	1977	1978	1979	1980
Male	90	88	44	40	43
Female	10	12	56	60	57
Age at entry					
Less than 18	4	4	5	4	4
18-21	32	34	35	33	31
22-29	39	37	36	36	39
30-44	19	19	19	21	21
45-54	5	4	4	4	4
55+	1	2	2	1	2
Race					
White	44	48	50	48	49
Black	36	32	31	34	34
Hispanic	14	12	12	13	11
Other	6	7	6	6	6
Veteran	16	14	11	11	9
Receiving cash welfare or below poverty	68	72	74	80	99
Family receiving cash or in-kind benefits	35	35	35	36	INA
No earnings	47	39	37	38	INA
Less than high school					
In-school	5	5	5	4	4
Out-of-school	34	35	34	34	37
High school or more					
In-school	0	0	9	8	99
Out-of-school	91	92	93	94	99
Predominantly employed	11	9	10	9	9
Predominantly unemployed	30	37	31	30	30
Substantially unemployed	13	15	16	15	15
Not in labor force	28	28	30	33	33
Combination	10	12	13	13	13
Average percent time					
Employed	32	33	35	33	33
Unemployed	38	38	34	32	38
School training	14	11	12	12	12
Out of labor force	17	18	19	22	22
Estimated median family income	4470	4700	5750	4950	4950
Estimated median earnings	550	747	980	1030	1030

	OJT				
	1976	1977	1978	1979	1980
Male	66	69	64	63	63
Female	34	32	36	37	37
Age at entry					
Less than 18	3	4	3	3	3
18-21	32	31	33	32	31
22-29	39	40	38	39	40
30-44	20	18	20	21	21
45-54	5	5	4	4	4
55+	2	2	2	2	2
Race					
White	63	67	68	62	60
Black	28	20	19	23	26
Hispanic	12	11	10	12	11
Other	5	5	4	4	3
Veteran	24	22	21	18	18
Receiving cash welfare or below poverty	51	62	62	73	98
Family receiving cash or in-kind benefits	19	18	18	23	23
No earnings	25	24	23	25	25
Less than high school					
In-school	3	4	2	2	2
Out-of-school	27	26	29	30	33
High school or more					
In-school	7	9	0	7	66
Out-of-school	82	81	81	81	81
Predominantly employed	17	17	17	14	14
Predominantly unemployed	30	29	24	29	29
Substantially unemployed	14	16	16	16	16
Not in labor force	25	24	25	26	26
Combination	16	13	18	16	16
Average percent time					
Employed	42	46	49	42	42
Unemployed	32	32	28	31	31
School training	13	12	10	13	13
Out of labor force	12	10	13	14	14
Estimated median family income	5750	5880	6630	5990	5990
Estimated median earnings	1690	1940	2430	2240	2240

*Includes primary training components under all formula-allocated CETA programs.

Source: CETA Supplemental MIS Tables by Initial Program Assignment. New Enrollees During October 1979-September 1980. Employment and Training Administration, Office of Policy, Evaluation and Research, unpublished; Westat, Inc. Characteristics of Enrollees Who Entered Adult-Oriented CETA Programs During Fiscal Year 1979 (October 1979 Through September 1979). (Washington, D.C.: Employment and Training Administration, Office of Policy, Evaluation and Research, February 1981).

Mirroring the increased number of female trainees, there have been some shifts in training occupations. ^{38/} The clerical and service occupations have increased in importance since MDTA, while traditionally male construction and craft jobs have declined:

	1972 MDTA- Institutional	1977 CETA Classroom Training	1972 MDTA- OJT	1977 CETA- OJT
Professional and managerial	13.0	7.1	5.1	8.3
Clerical	22.2	36.1	10.1	18.9
Service	12.2	15.8	8.0	10.9
Construction crafts	8.7	4.8	16.7	6.1
Welding	8.3	10.5	5.8	2.6
Other crafts	23.3	19.0	28.3	16.0
Other occupations	12.4	6.7	25.8	37.2

Although the basic Job Corps service mix and targeting have remained relatively constant over the years, some changes have occurred. During the 1970s, there was a slight increase in female representation and a slight upward trend in the age of entrants, although educational status and family background did not change noticeably. ^{39/}

Characteristics of Job Corps Enrollees		1969	1979
Sex	Male	77%	71%
	Female	23	29
Age	16 and under	30	25
	17	26	25
	18-21	42	50
Less than high school completed		83	83
Average reading score at entry (norm-referenced SAT-tests)		5.5 grades	5.6 grades
Public assistance recipient		30	30
Broken home		50	48

The average duration of stay rose from 5.5 months in 1968 to 6.0 months in 1980. ^{40/} This resulted both from a decline in the 90 day dropout rate and an increased average duration of stay for those remaining more than 90 days. One factor was the implementation of longer-duration training components including an advanced career training program in post-secondary institutions and colleges (4 percent of 1980 enrollment), an industry work experience program to ease the transition into the labor market after training (1 percent of enrollment), advanced programs operated

in centers by unions and employer associations (12 percent of training enrollment), and several special needs groups programs (1 percent of enrollment).

The real cost of Job Corps declined from \$20,700 in 1966 and \$15,400 in 1968 to \$10,300 a decade later. ^{41/} This reflected declining start-up costs, restrictions in some services, particularly health care, erosion in the real value of allowances, and deferral of capital improvements, as well as increased efficiency. Real expenditures increased to \$13,200 in fiscal 1980, or \$11,300 excluding capital costs, as a result of new center start-up, a doubling of Corpsmember allowances, and needed capital improvements in existing centers.

NOTES

1. CETA Supplemental MIS Tables by Initial Program Assignment, New Enrollees During October 1979-September 1980 (Washington, D.C.: Employment and Training Administration, Office of Policy, Evaluation and Research, 1981); and Job Corps in Brief, Fiscal Year 1980 (Washington, D.C.: Employment and Training Administration, Office of Job Corps, 1981).
2. Ibid. and Employment and Training Administration. Quarterly Management Information System Reports. Fiscal 1980. Service years calculated as average of end-of-quarter enrollments, except in case of Job Corps where calculated as average monthly enrollments.
3. Ibid. and estimates for classroom training, OJT, work experience, and PSE provided by Employment and Training Administration, Office of Community Employment Programs.
4. Charles Mallar et. al. The Lasting Impacts of Job Corps Participation (Washington, D.C.: Government Printing Office, 1980), p. 42.
5. Joseph Hines and Brian Linder, "Job Corps Vocational Offerings: An Analysis of Performance Indicators by Training Area and Center Performance," Assessments of Job Corps Performance and Impacts (Washington, D.C.: Government Printing Office, May 1980), p. 21.
6. Department of Labor, Employment and Training Administration, Office of Job Corps and Young Adult Conservation Corps. Unpublished information from Fiscal 1980 Job Corps Financial Reports.
7. Job Corps in Brief, Fiscal 1980, op. cit.
8. Charles Mallar et. al. op. cit., p. 48.
9. Joseph Hines and Brian Linder, op. cit.
10. Continuous Longitudinal Manpower Survey of Fiscal 1977 CETA Enrollees. Unpublished tabulations from Westat, Inc.
11. Westat, Inc., Postprogram Experiences and Pre/Post Comparisons for Terminees Who Entered CETA During Fiscal Year 1976 (July 1975-June 1976) (Washington, D.C.: Employment and Training Administration, Office of Policy, Evaluation and Research, 1979), Table 8; Richard Wagner, "Historical CETA Data for Titles IIABC (formerly Title I), Title IID (formerly Title II) and Title VI, Fiscal Years 1975 through 1979," Employment and Training Administration, Office of Community Employment Programs, March 1980, mimeo.

The average allowances received per participant calculated from the CLMS were divided into the estimated classroom training allowance costs per service year calculated from management information system data for fiscal 1976 to yield the higher estimate, while the minimum wage prevailing most of the year was the denominator to derive the lower estimate. The higher estimate is probably more accurate since

some participants did not receive a full allowance, although others received stipends for dependents and extraordinary participation costs in addition to the hourly allowance noted in the CLMS.

12. Continuous Longitudinal Manpower Survey, Fiscal 1977 CETA Enrollees. Unpublished tabulations provided by Westat, Inc.
13. Employment and Training Administration, Management Information System Annual Summary Reports Fiscal 1980, unpublished.
14. Continuous Longitudinal Manpower Survey, Fiscal 1976 CETA Enrollees. Unpublished tabulations provided by Westat, Inc.; and Westat, Inc., CLMS Follow-up Report No. 3 (36 Months After Entry), Experiences in the First Two Postprogram Years, With Pre/Post Comparisons for Terminees Who Entered CETA During January-June 1975. (Washington, D.C.: Employment and Training Administration, Office of Policy, Evaluation and Research, November 1980) Table 17.
15. Postprogram Experiences and Pre/Post Comparisons for Terminees Who Entered CETA During Fiscal Year 1976. op. cit. Appendix D, Table 9.
16. Ibid., Tables 10 and 11.
17. Richard Wagner, op. cit. It is to be noted that since cost pooling was adopted in 1979, prime sponsor administration under each title no longer is represented in the Program Status and Financial Summary and the allocation among titles and components must be inferred.
18. General Accounting Office, Job Training Programs Need More Effective Management (Washington, D.C.: GAO, July 1978).
19. Continuous Longitudinal Manpower Survey, Fiscal 1977 CETA Enrollees. Unpublished tabulations provided by Westat, Inc.
20. Ibid.
21. Ibid.
22. Ibid. and Westat, Inc., CLMS Follow-up Report No. 3 (36 Months After Entry), Experiences in the First Two Postprogram Years, With Pre/Post Comparisons for Terminees Who Entered CETA During January-June 1975. op. cit., Table 17.
23. Postprogram Experiences and Pre/Post Comparisons for Terminees Who Entered CETA During Fiscal Year 1976. op. cit. Table 5.
24. Ibid., Tables 10 and 11.
25. Richard Wagner, op. cit. Review of the estimation procedures suggests that the administrative costs were probably higher than 17.6 percent and the service costs lower.

26. General Accounting Office, op. cit.
27. Continuous Longitudinal Manpower Survey, Fiscal 1977 CETA Enrollees. Unpublished tabulations provided by Westat, Inc.
28. Westat, Inc. Characteristics of Enrollees Who Entered CETA Programs July 1976 Through June 1977 (Washington, D.C.: Employment and Training Administration, Office of Policy, Evaluation and Research, June 1978); Westat, Inc. Multivariate Analysis: 36-Month Follow-up of Terminees Who Entered CETA During January-June 1975 (Washington, D.C.: Employment and Training Administration, Office of Policy, Evaluation and Research, November 1980), p. C-16.

The percentage of participants with each characteristic measured in the CLMS interview was multiplied by the regression coefficient associated with this characteristic and added to the constant. The coefficients for primary activity assignment, time in program, and placement were excluded.

29. Westat, Inc. Impact on 1978 Earnings of New FY 1976 CETA Enrollees in Selected Program Activities (Washington, D.C.: Employment and Training Administration, Office of Policy, Evaluation and Research, February 1981).

The estimated 1977 and 1978 earnings impacts for all enrollees by program assignment were subtracted from the 1977 and 1978 SSA earnings for participants in each program activity to estimate control group earnings.

30. Job Corps in Brief, Fiscal 1980, op. cit.; CETA Supplemental MIS Tables, op. cit.
31. Stuart Kerachsky, et. al. "An Examination of Job Corps Participants," in Assessments of Job Corps Performance and Impacts, Volume I (Washington, D.C.: Government Printing Office, May 1980), pp. 363-64; Charles Mallar, et. al. The Lasting Impacts of Job Corps Participation, op. cit., pp. 9-10.
32. Charles Mallar, et. al. The Lasting Impacts of Job Corps Participation, op. cit., p. 45; Westat, Inc. Impact on 1978 Earnings of New FY 1976 CETA Enrollees in Selected Program Activities, op. cit.
33. Estimates for 1963-1975 derived from Office of Management and Budget unpublished tabulations. Estimates for 1976-1980 provided by Employment and Training Administration, Office of Administration and Management, and Office of Job Corps and Young Adult Conservation Corps.
34. Unpublished estimates provided by Richard Wagner, Employment and Training Administration, Office of Community Employment Programs.
35. Manpower Report of the President (Washington, D.C.: Government Printing Office, April 1974), Tables F-5 and F-10; Manpower Reports of the President, 1963 through 1973 (Washington, D.C.: Government Printing Office, 1963-1973), MDTA-OJT participant characteristics tables.

36. Ibid.
37. Ibid.
38. Manpower Report of the President, April 1974, op. cit., Table F-9; Un-
published tabulations from the Continuous Longitudinal Manpower
Survey.
39. Job Corps in Brief, Fiscal 1979 (Washington, D.C.: Employment and
Training Administration, Office of Job Corps and Young Adult
Conservation Corps, 1980); Sar A. Levitan, The Great Society's Poor
Law (Baltimore, Md.: The Johns Hopkins University Press, 1969), p.
277; unpublished background data provided by Employment and Training
Administration, Office of Job Corps and Young Adult Conservation Corp.
40. Job Corps in Brief, Fiscal 1980, op. cit.
41. Sar A. Levitan, op. cit.; and Employment and Training Administration,
Office of Job Corps and Young Adult Conservation Corps, unpublished
data from Job Corps financial reports.

CHAPTER 3
EFFECTS AND EFFECTIVENESS

SECTION 1. IS TRAINING WORTHWHILE?

Earnings Impacts

Training is an investment in the future. The purpose of CETA is "to assure that training and other services lead to maximum employment opportunities and enhance self-sufficiency" Thus, the basic issue in assessing CETA training activities is whether participants are able to secure and retain better jobs than similar individuals who do not participate. The "bottom line" is increased post-program earnings.

The weight of evidence from studies of the categorical training programs which preceded CETA was positive. Almost all studies found that classroom training increased the earnings of participants in the first post-program year, with estimates of the earnings impacts ranging from up to \$800 and a consensus ranging between \$250 and \$300 (Table 3.1). Previous studies concluded that OJT paid off even more, with participants experiencing post-program earnings increases of up to \$2,200 and with most estimates ranging between \$400 and \$900 in annual earnings improvements. Past assessments of Job Corps reached very mixed conclusions, some finding earnings gains and others earnings losses. Adult basic education increased earnings according to available studies.

The impacts of CETA training are much more difficult to assess because under its comprehensive approach, training is intermixed with other activities. The intensity and types of training which occur within any single prime sponsor are diverse, and there is great variability among prime sponsors. In contrast, federally-directed categorical programs such as MDTA were relatively standardized and focused primarily on occupational training, with remedial education and training combinations largely occurring in skills centers so that the relative effects of this variant could be isolated.

To try to separate the effects of the diverse components in CETA, a Continuous Longitudinal Manpower Survey (CLMS) was implemented to track the pre-program, in-program, and post-program experiences of participants in each major CETA program activity funded under grants to prime sponsors. Each year's entrants for a stratified sample of prime sponsors are interviewed at entry and 9, 18, and 36 months later. The participants are classified according to primary assignment while in CETA, so that the relationship between activities and outcomes can be determined. ^{1/}

The CLMS has tracked CETA entrants since fiscal 1975. There are, however, inherent time lags in gathering follow-up information at 18 and 36 months after entry, and subsequently in the analysis of these findings. Only the 36-month follow-up results for 1975 entrants, and the 18-month follow-up results for this group and for fiscal 1976 entrants, were available for this analysis (i.e., through August 1981).

The CLMS does not include a control group of nonparticipants. Instead, the information gathered in interviews with participants at entry is compared with the information collected in the Current Population Survey

Table 3.1

A Summary of the Annual Estimated Earnings Increases
for Participants in Remedial Education and Training Programs

Classroom Training		On-the-Job Training	
Ashenfelter¹		Cooley, McGuire and Prescott⁴	
Black males	\$318 to \$417	Males	\$-38 to \$ 59
White males	139 to 322	Females	30 to 226
Black females	441 to 552		
White females	354 to 572		
Borus²		Ketron⁶	
Males	305	Minority males	1,984
		White males	2,181
Borus and Prescott³		Minority females	884
Males	516	White females	926
Females	38		
Cooley, McGuire and Prescott⁴		Kiefer⁷	
Males	71 to 234	Black males	-160
Females	168 to 291	White males	-61
		Black females	386
		White females	926
Hardin and Borus⁵		Prescott and Cooley¹¹	
	251	Males	796
Ketron⁶			
Minority females	184	Sewell¹²	
White females	701	Males	375
		Females	754
Kiefer⁷		Job Corps	
Black males	-742 to -355	Kiefer⁷	
White males	-644 to -375	Black males	-179
Black females	591	White males	-74
White females	639	Black females	-188
		White females	-780
Main⁸			
	409	Mallar¹⁴	
Page⁹; Gooding¹⁰		Males	187
	446	Females without children	565
Prescott and Cooley¹¹		Females with children	-206
Males	652		
Sewell¹²		Adult Basic Education	
	432		
Cain and Stromsdorfer¹³		Brazzile¹⁵	
White males	828	Males	2,368
White females	336		
		Roomkin¹⁶	
		Males	318
		Females	12

Evaluations

¹Orley Ashenfelter, "Estimating the Effect of Training Programs on Earnings," *The Review of Economics and Statistics*, Vol. LX, No. 1 (1978), pp. 47-57.

²Michael E. Borus, "A Benefit-Cost Analysis of the Economic Effectiveness of Retraining the Unemployed," *Yale Economic Essays*, Vol. 4, No. 2 (1964), pp. 371-429.

³Michael E. Borus and Edward C. Prescott, "The Effectiveness of MDTA Institutional Training over Time and in Periods of High Unemployment," *American Statistical Association 1973 Proceedings of the Business and Economic Statistics Section* (Washington, D.C.: American Statistical Association, 1974), pp. 278-284.

⁴Thomas F. Cooley, Timothy W. McGuire, and Edward C. Prescott, *The Impact of Manpower Training on Earnings: An Econometric Analysis*, Final Report MEL 76-01 to Office of Program Evaluation, Employment and Training Administration, U.S. Department of Labor (Pittsburgh: 1975), processed.

⁵Einar Hardin and Michael E. Borus, *The Economic Benefits and Costs of Retraining* (Lexington, Mass.: D.C. Heath and Co., 1971).

⁶Ketron, Inc., *The Long-Term Impact of WIN II: A Longitudinal Evaluation of the Employment Experiences of Participants in the Work Incentive Program*, draft report prepared for the Employment and Training Administration, U.S. Department of Labor (Wayne, Pennsylvania: 1979), processed.

⁷Nicholas M. Kiefer, *The Economic Benefits from Manpower Training Programs*, Final report prepared for ASPEN, U.S. Department of Labor (Princeton, N.J.: 1978), processed.

⁸Earl D. Main, "A Nationwide Evaluation of MDTA Institutional Job Training," *Journal of Human Resources*, Vol. III, No. 2 (1968), pp. 159-170.

⁹David A. Page, "Retraining Under the Manpower Development Act: A Cost-Benefit Analysis," in *Public Policy*, Vol. 13, ed., John D. Montgomery and Arthur Smithies (Cambridge, Mass.: Harvard University, 1964), pp. 257-276.

¹⁰E. C. Gooding, *The Massachusetts Retraining Program, Statistical Supplement* (Boston: Federal Reserve Bank of Boston, 1962).

¹¹Edward C. Prescott and Thomas F. Cooley, *Evaluating the Impact of MDTA Programs on Earnings Under Varying Labor Market Conditions*, Final Report MEL 73-08 for the Office of Policy, Evaluation and Research, Employment and Training Administration, U.S. Department of Labor (Philadelphia: 1972), processed.

¹²David D. Sewell, *Training the Poor* (Kingston, Ontario: Industrial Relations Centre, Queen's University, 1971).

¹³Glen G. Cain and Ernest W. Stromsdorfer, "An Economic Evaluation of Government Retraining Programs in West Virginia," in *Retraining the Unemployed*, ed., Gerald G. Somers (Madison: University of Wisconsin Press, 1968), pp. 299-335.

¹⁴Charles Mallar, *Evaluation of the Economic Impact of the Job Corps Program: First Follow-up Report*, Report MEL 78-04 prepared for the Office of Program Evaluation, Employment and Training Administration, U.S. Department of Labor (Princeton, N.J.: Mathematica Policy Research, Inc., 1978), processed.

¹⁵William F. Brazzile, "Effects of General Education in Manpower Programs," *Journal of Human Resources*, Vol. 1, No. 1 (1966), pp. 39-44.

¹⁶Myron Roomkin, "The Benefits and Costs of Basic Education for Adults: A Case Study," in *Benefit-Cost Analysis of Federal Programs*, a compendium of papers submitted to the Subcommittee on Priorities and Economy in Government of the Joint Economic Committee, 92nd Congress, 2nd sess. (Washington, D.C.: U.S. Government Printing Office, 1973), pp. 211-223.

Source: Michael E. Borus, "Assessing the Impact of Training Programs," in Eli Ginzberg, ed., *Employing the Disadvantaged* (New York: Basic Books, 1980), pp. 33-35.

for a representative sample of the national population. Based on a number of questions on age, race, sex, education, income, earnings, and employment status which are asked of both CETA participants in the CLMS and the general population in the CPS, a comparison group is selected from the CPS sample which matches the CLMS CETA sample in most regards. Earnings recorded in Social Security records are, then, compared for these like groups for the years after participants have left CETA. These comparisons are the basis of estimates of earnings impacts of CETA and its components. 2/

The CPS-CLMS matching process is as rigorous as the interview questions will permit, but there is no way to assure comparability in all regards between the participant and control groups. The possibilities of mismatch are greatest for certain subgroups of participants and controls. The questions on education, income, employment and earnings which are used to compare individuals in the CPS with participants in the CLMS are probably better for matching adult male workers than for matching persons outside the labor force, or youth with limited prior work experience. For instance, many teenagers, but few adults, experience unemployment, so that two teenagers matched because they were both out of work for some weeks may be quite different in their likely future success while older individuals suffering from long-term unemployment are likely to have more comparable future experiences. Members of the comparison group drawn from the CPS may also currently or subsequently participate in CETA. If participation increases earnings, the gains estimated by comparing the earnings of controls and participants will underestimate the impacts to the extent some of the controls participated and shared in the earnings gains. Finally, Social Security records do not provide comprehensive coverage of earnings, particularly for youth in irregular jobs and for some local public sector employment. Undercoverage of public sector earnings particularly affects estimates of the gains realized by participants in public service employment and work experience, where a major effect is to increase the rates of unsubsidized post-CETA employment in the public sector. The technical reports of the CLMS present estimates of the magnitude of possible distortions and detail the techniques to minimize these biases. In general, the assumptions adopted in estimating impacts are consciously conservative so as not to exaggerate the benefits of participation.

Recognizing these caveats, the CLMS provides a massive volume of information about the employment and participation patterns of CETA enrollees, as well as reasonable estimates of the minimum impacts of CETA as it operated in its early years.

According to this evidence, participation in training programs increased the post-program earnings of 1975 and 1976 CETA entrants. Among classroom trainees who entered in fiscal 1976 and had terminated prior to the end of calendar 1976, Social Security-covered earnings in 1977 were \$347 or 10 percent above those of the comparison group. Participants in multiple activities, usually work and training combinations, experienced similar gains. On-the-job trainees gained even more, with earnings \$839 above controls, representing an 18 percent increment.

The impacts of classroom training increased over time. The estimated earnings gains for 1976 classroom trainees were \$442 in 1978, representing

a rise in real terms of almost a fifth over the participant-control differential in 1977. For all 1976 participants, including those who stayed longer and had not completed by the end of calendar 1976, who also apparently gained more from training, the 1978 earnings were \$468 above those of controls. ^{3/} Less dependable estimates for fiscal 1975 participants suggest a similar pattern of increased returns from the first to second post-program year. ^{4/} This suggests that those "taught to fish" continue to use their skills. In contrast, the estimated benefits of OJT eroded over time. The second post-program year impacts for 1976 trainees were over a third less in real terms than the first-year impacts. ^{5/} Less dependable estimates for second-half 1975 participants evidenced the same fall-off. ^{6/} Apparently, some of the initial jobs secured through OJT were lost, and the skills were not transferable, or else the comparison group found employment and caught up.

Annual Earnings Relative to Controls of Fiscal 1976 Entrants Terminating in Calendar 1976

	Estimated Net Impact 1977 SSA Earnings	Gain as Percent 1977 Earnings of Controls	Estimated Net Impact 1978 SSA Earnings	Gain as Percent 1978 Earnings of Controls	Change in Magnitude of Estimated Impact From 1978 to 1979 Adjusted for Inflation
Classroom training	+\$347	+10%	+\$442	+10%	+18%
On-the-job training	+839	+18	+574	+15	-36
Combination of activities	+356	+10	+164	+8	-57
Public service employment	+261	+6	+326	+8	+16
Work experience	-149	-5	-187	-6	-17

These benefits might be contrasted with the estimated earnings impacts of the primary alternatives to training--adult work experience and public service employment. Work experience participants had slightly lower 1977 Social Security earnings than averaged by their control group, while the PSE participants had earnings \$261 above controls. The rates of employment in the public sector increased substantially from the pre-entry to post-termination periods for PSE participants and somewhat less for work experience participants. Adjustments for the undercount of post-program public sector earnings increase the estimated 1977 gains for PSE participants to between \$350 and \$750. The maximum adjusted gain for work experience participants was \$100, with a best guess that there was no net gain or loss from work experience alone. While participants in these various components differed significantly, the estimates compared each set of participants to matched controls.

Confirmation of these findings on the relative impacts of different components is provided by analysis of the employment and earnings changes between the pre-entry year and the second post-termination years for second half fiscal 1975 entrants. This analytical approach does not involve matching with a control group and uses interview data on earnings rather than Social Security records, thus avoiding the possible undercoverage and matching problems of the previous estimations. Comparing the second year earnings, as well as the increase in earnings from the pre-entry year for participants in different components, after adjusting through the use of regression equations for the differences between participants in sex, race, age, education, marital and family status, prior earnings patterns, barriers to employment, family income, and time in program, the estimated

relative impacts of the components were of the same order of magnitude as the differentials calculated using the CPS-CLMS matching and Social Security records. If the absolute earnings increases for work experience participants are assumed to yield no net earnings gain relative to controls, then the relatively greater gains of participants in other components should have, and did, roughly parallel the net impact estimates for each component calculated from the CPS-CLMS match. 7/

	Public Service Employment	Classroom Training	On-The-Job Training	Combination of Activities
Earnings change of participants in PSE, classroom training, OJT and combination activities minus the earnings change for participants in adult work experience after adjusting for differences in characteristics	+\$483	+\$638	+\$1134	\$+725
Second year earnings of participants in PSE, classroom training, OJT and combination activities minus the earnings of adult work experience participants after adjusting for differences in characteristics	\$+810	\$+588	\$+965	\$+472

Estimates of the earnings impacts of Job Corps were provided by a follow-up of the two-year post-termination experiences of a stratified sample of 1977 entrants and a comparison group of eligible youth drawn from areas of limited Job Corps recruitment and matched through regression analysis to the enrollee group. Over the two-year post-program period, civilian earnings were raised by \$695, of which \$487 was realized in the second-post termination year. This represented an 8 percent earnings increment in the first year and a 13 percent increment in the second. 8/

	Earnings Per Week by Length of Time Out of Job Corps (Months)			
	0-6	6-12	12-18	18-24
Expected weekly earnings of Job Corps enrollees if had not participated based on experience of controls	\$43.82	\$58.38	\$72.48	\$73.73
Weekly earnings of Job Corps trainees	\$45.84	\$64.38	\$82.17	\$82.76
Absolute gain in weekly earnings	\$2.02	\$6.00	\$9.69	\$9.03
Percentage gain in weekly earnings	4.6%	10.3%	13.4%	12.3%

Benefits and Costs of Job Corps An Analytic Framework

One way to assess the magnitude of training program impacts is to compare the present dollar value of estimated benefits with the costs incurred to produce these results. The ratio of benefits to costs is an indicator of the rate of return on the investment in human resources.

Benefit-cost analysis necessarily rests on a range of assumptions. Benefits must be valued in dollar and cents terms. Gains measured in the immediate post-program period must be projected into the future. Any number of discount rates might be adopted in calculating the present value of projected future benefits. Thus, different and quite plausible assumptions can yield a range of estimates concerning the rate of return on the social investment. Recent analytic work has refined the procedures for valuing benefits and has helped to standardize alternative assumptions, yet estimates of absolute payoff of social programs remains as much art as science. Yet the same can be said of the business projections used in investment decisions. Rate of return calculations are no substitute for judgment, but they can help to organize and provide a better sense of the reasonableness of outcomes in light of the resources needed to produce them. 9/

Job Corps is one of the programs which has been subjected to careful benefit-cost analysis utilizing the most refined techniques currently available. 10/ This analysis provides a framework for the assessment of other CETA training activities:

To begin with, benefits and costs can be estimated from a social perspective--which includes the gains and losses for participants as well as nonparticipants--as well as from a taxpayer's perspective--which focuses on the payoffs and costs for nonparticipants. From the social perspective, costs include all operating expenses, excluding allowances and other transfers, plus the output which is foregone during the period the enrollee is in training rather than available for work. The benefits include in-program and increased post-program output, any administrative cost savings from reduced transfer and drug treatment during and after participation, and reductions in criminal justice, corrections, and victimization costs to the extent crime is reduced as a result of participation.

In the two years following Job Corps, increased Corpsmembers' earnings (including estimates of military salaries) plus fringes (valued at 15 percent of civilian earnings) were roughly \$1000 more than those of controls. Discounted at a 5 percent real rate to the period of participation when costs were incurred, the present value of these earnings and fringes was \$925. As an estimate of the earnings gains beyond the two-year post-program period, the "benchmark" assumptions projected that the annualized earnings differential between participants and controls measured in the 18- to 24-month post-program period would decline 14 percent a year in real terms over the future 43 years of worklife. 11/ Discounting at a 5 percent real rate, the earnings gains projected under these assumptions, added to the discounted gain in the immediate post-program period, sum to the estimated current value of post-program output, or \$3896 for 1977 Job Corps enrollees (Table 3.2).

Table 3.2
Estimated Net Present Values Per Corpsmember
Under the Benchmark Assumptions
(1977 Dollars)

	<u>Social</u>	<u>Taxpayer</u>
Benefits		
Output Produced by Corpsmembers		
In-program output	\$ 757	\$ 673
Increased post-program output	3,896	0
Increased tax payments on post-program income	0	582
Increased utility due to preferences for work over welfare	+	+
Reduced Dependence on Transfer Programs		
Reduced transfer payments	0	1,357
Reduced administrative costs	158	158
Reduced Criminal Activity		
Reduced criminal justice system costs	1,152	1,152
Reduced personal injury and property damage	645	645
Reduced stolen property	315	484
Reduced psychological costs	+	+
Reduced Drug/Alcohol Use		
Reduced treatment costs	30	30
Increased utility from reduced drug/alcohol dependence	+	+
Utilization of Alternative Services		
Reduced costs of training, educational, and PSE programs	390	390
Reduced training allowances	0	49
Other Benefits		
Increased utility from redistribution	+	+
Increased utility from improved well-being of Corpsmembers	+	+
Total Benefits	\$7,343	\$5,520
Costs		
Program Operating Expenditure		
Center operating expenditures, excluding transfers to Corpsmembers	\$2,796	\$2,796
Transfers to Corpsmembers	0	1,208
Central administrative costs	1,347	1,347
Opportunity Cost of Corpsmember Labor		
Foregone output	881	0
Foregone tax payments	0	153
Unbudgeted Expenditures Other Than Corpsmember Labor		
Resource costs	46	46
Transfers to Corpsmembers	0	185
Total Costs	\$5,070	\$5,736
Present Value (Benefits less Costs)	\$2,271	-\$214
Benefit-Cost Ratio	1.45	0.96

Source: Charles Mallar, et al., Evaluation of the Economic Impact of the Job Corps Program Second Follow-Up Report (Washington, D.C.: Employment and Training Administration, Office of Policy, Evaluation and Research, April 1980), p. 153.

Since Job Corps is a residential program dealing with high risk youth, the in-program and post-program reductions in crime and drug use are substantial. For the 1977 enrollees, there were 11 per hundred fewer arrests for burglary and larceny during the period of participation, and nearly 3 per hundred fewer in the first post-program year. The costs of crime and its treatment are large--for instance, an estimated \$4300 per arrest for larceny and \$8500 per arrest for burglary--so that the savings from reduced crime amounted to \$2260 in current value on the assumption that post-program effects measured in the second post-program year eroded completely after five years. Lesser reliance on transfers and alternative employment programs produced administrative cost savings with current values of \$158 and \$390, respectively, also under the assumption of a decay to zero after five years. Finally, the work components of the Job Corps program yielded output valued at \$757 per Corpsmember during the period of participation.

The annual per participant cost of Job Corps was \$4189 in fiscal 1977, excluding \$1208 per Corpsmember for food and shelter. These were not considered a social cost because the losses of the nonparticipants who paid for these transfers were balanced by the welfare gains of participants. Society and Corpsmembers lost the output and earnings that would have been produced if the Corpsmembers had not entered the program. Based on the experience of the control group, this output would have been worth \$881. Total costs per Corpsmember were, thus, \$5070, or \$2271 less than the estimated \$7343 current value of benefits. The ratio of benefits to costs was, thus, 1.45.

Other assumptions yield different ratios. In light of the increase rather than decrease in estimated earnings impacts over the two years after termination, the benchmark assumption of a 14 percent annual deterioration in future earnings impacts may well understate longer-term payoffs. If no fade-out were assumed for the gains measured at the 18-24 month post-program point, the benefit-cost ratio would be 2.91. On the other hand, if there were no effects past those measured in the first two post-program years, the ratio would be only .81. Under a 10 percent, rather than 5 percent, real discount rate applied to future benefits, the ratio would fall to 1.24; while a 3 percent rate would increase it to 1.56. 12/

Taxpayers may be more concerned with the effects on their own well-being rather than the benefits to participants. From the taxpayer's perspective, costs include all program operating and administrative expenses plus allowances and other transfers. The Treasury loses the taxes which would have been paid on earnings outside of Job Corps. On the benefit side of the ledger, the taxpayer gains from in-program output and the increased taxes paid in the post-program period by the participant. Reduced transfers, not just the administrative costs of transfer programs, are a savings to taxpayers. All savings from crime reduction and utilization of alternative services (including allowances and transfer payments in these alternative services), are benefits to taxpayers.

From the taxpayer's perspective, the benefit-cost ratio for Job Corps under the benchmark assumptions comes close to, but is somewhat below, the break-even point relative to alternate uses of the resources, with a ratio of .96. If the earnings gains experienced in the immediate post-program

period did not erode in dollar terms, the increased taxes would push the present value of benefits above costs, to a ratio of 1.54. If, on the other hand, the benefits lasted only the two-years post-program, the ratio would be .69. A 3 percent, rather than 5 percent, real discount rate of future benefits would yield a 1.01 taxpayer benefit-cost rate, while a 10 percent rate would reduce the ratio to .87.

Benefits and Costs of Classroom Training

The earnings gains for CETA classroom trainees, as estimated from the Social Security earnings recorded for the CLMS and CPS matched groups, were \$347 in fiscal 1977 and \$442 in fiscal 1978 for fiscal 1976 participants terminating during calendar 1976. Alternatively, the estimated gains were \$291 and \$486 in 1977 and 1978, respectively, for all fiscal 1976 entrants--a lower value in the first year because some were still in training, but a higher value in the second because training paid off more for long stayers. Following the assumptions of the Job Corps study, i.e., assuming that fringe benefits add 15 percent to the differential, the real discount rate is 5 percent, and the 1977 and 1978 gains are calculated in 1976 dollars, the present value of the two-year post-program gains were \$759 for participants terminating in 1976, and \$742 for all 1976 participants. Assuming an average age at termination of 26 and work until 65, there are 39 years of worklife. Under the benchmark assumptions, the current value of the projected earnings beyond the second year was \$2040 for participants terminating during calendar 1976, or \$2244 for all participants. Alternatively, if it is assumed that dollar earnings gains will not fade--which is probably a more realistic assumption for classroom training than for Job Corps--the current values of projected earnings were \$4985 and \$5485, respectively. 13/ If it is assumed that real earnings gains fade out by 14 percent annually, that they only last 10 post-program years, and using real a real discount rate of 10 percent, the current value of projected earnings were \$1325 and \$1458, respectively. Adding the current values of these alternative projected earnings to the current values of the estimated gains in 1977 and 1978 yields the following total earnings benefit estimates under varying assumptions:

Benefit projection and discounting assumptions	Current Value of Post-Program Earnings Gains	
	Projecting from 1978 estimate for terminees in 1976	Projecting from 1978 estimate for all terminees
High--Assume no fade-out of real dollar gains, 5 percent discount rate	\$5744	\$6227
Intermediate--Assume 14 percent fade-out of real dollar gains, 5 percent real discount rate (benchmark assumptions in Job Corps evaluation)	\$2799	\$2986

Low--Assume 14 percent fade-out of real dollar gains, 10 percent real discount rate and no benefits beyond 10 years post-program

\$2084

\$2200

In estimating the taxpayer benefit-cost ratio, the Job Corps study assumed that tax payments would be 23 percent of earnings plus transfer income. If participation in classroom training had no effect on transfer receipt, the gains for the taxpayer under the various projection and discounting assumptions would have been as follows:

Current Value of
Increased Post-Program Taxes

Benefit projection and discounting assumptions	Projecting from 1978 estimate for trainees in 1976	Projecting from 1978 estimate for all trainees
High	\$1129	\$1226
Intermediate	540	578
Low	397	421

The magnitude of other benefits from classroom training is speculative since there are no control group studies to make the necessarily careful estimates of impacts on criminal activity, reduced drug and alcohol use, and reliance on other transfer and training programs. The limited evidence suggests, however, that classroom training resulted in modest reductions in transfer incidence. For fiscal 1976 enrollees, the CLMS documented a slight drop in transfer receipt from entry to exit; while the follow-up of second half fiscal 1975 participants indicated a decline between the first and second post-program years. 14/

Type of Benefit	Proportions of Fiscal 1976 Trainees Receiving Benefits	
	At Entry	At Exit
AFDC	18.8	17.9
Supplemental Security Income	2.9	2.2
Other public assistance	7.3	5.5
Food stamps	26.0	23.2
Housing assistance	7.3	6.7
One or more	36.2	31.9

Type of Benefit	Proportions of Second Half Fiscal 1975 Classroom Trainees Receiving Benefits Sometime Over Course of Year	
	First Year After Termination	Second Year After Termination
AFDC	24	19
Supplemental Security Income	9	4
Other public assistance	10	6
Food stamps	38	26
Housing assistance	12	10
Unemployment insurance	18	12
One or more	46	36

Based on the experiences of the Job Corps study control group and the control groups for the supported work experiment, it appears that benefit receipt declines over time for adult groups who have the highest probability of receipt, such as AFDC recipients, ex-addicts, and ex-offenders, but that receipt increases slightly over time for disadvantaged youth. ^{15/} If all of the in-program and post-program decline in usage for 1976 enrollees were attributed to CETA participation, and if this were valued in the same way as in the Job Corps study (which assumed that the savings fade-out would be 14 percent a year and discounting the savings at 5 percent), the current value of reduced transfers was an estimated \$635 using the average transfer values in the Job Corps benefit-cost study, and the administrative costs savings were \$78. Alternatively, if the average monthly dollar amount received by classroom trainees in the year prior to entry were used as a baseline, the current value of benefits was \$925. ^{16/} This provides an upper bound "guestimate" of savings from reduced dependency. It is equally plausible to assume no in-program savings but post-program savings in the same relation to those of Job Corpsmember as the ratio of earnings of classroom trainees compared to Corpsmembers. This produces a lower estimated \$470 in transfer savings.

There is little evidence that community-based interventions (other than summer employment for young teenagers) reduce crime probabilities. The supported work demonstration found that during full-time work activity there was no reduction in arrest rates for long-term AFDC recipients, offenders, or dropout youth. Only drug addicts experienced reduced arrests, but drug addicts represented an insignificant portion of classroom trainees. ^{17/}

Reduced participation in other programs may occur because of increased earnings, but increased participation might also result from continuance of schooling or greater likelihood of transition into other programs. The effect in either direction is sheer conjecture, but even in the case of Job Corps, this benefit was not a significant factor in overall social or taxpayer benefit-cost estimates.

The cost of classroom training in fiscal 1976 was \$1438 per participant, of which the allowance was \$691 as estimated from the CLMS allowance receipt data or \$607 per participant as estimated from national management information system totals.^{18/} There was an estimated federal overhead cost of \$66 per participant in fiscal 1976. The foregone earnings may be variously estimated. Prorating earnings in the year before entry over 146 mean days of participation and adjusting for inflation, the foregone earnings were \$573. Based on the experience of the CLMS controls, an estimated \$1165 in Social Security-covered earnings were foregone by participants. Another approach is to subtract the estimated gain from participation from the 1977 earnings of training participants; reducing this to 1976 terms by an inflation adjustment, the foregone earnings were \$1307. Using these three alternative foregone earnings estimates, and adding 15 percent for fringes, the costs were:

Foregone Earnings Assumptions	Social Costs	Taypayer Costs
	(Foregone Earnings Plus Project Costs Net of Allowances Plus Federal Overhead)	(Total Project Costs Including Allowances Plus Federal Overhead Plus Taxes on Foregone Earnings)
High	\$2175	\$1805
Intermediate	2013	1772
Low	1416	1636

Under the "benchmark" assumptions considered most reasonable in the Job Corps evaluation, and under most of the range of further assumptions necessitated by the less refined information available for CETA classroom training, the social benefits from fiscal 1976 classroom training exceeded the social costs, even without inclusion of the transfer administrative costs savings:

Benefit and Cost Assumptions			Social Benefit-Cost Ratio	
			(1976 Terminees)	(All Terminees)
High benefit	o	Low cost	4.02	4.48
	o	Intermediate cost	2.84	3.14
	o	High cost	2.64	2.93
Intermediate benefit	o	Low cost	1.95	2.14
	o	Intermediate cost	1.38	1.50
	o	High cost	1.33	1.40
Low benefit	o	Low cost	1.45	1.57
	o	Intermediate cost	1.02	1.10
	o	High cost	.95	1.03

From the taxpayer's perspective, the benefit-cost ratios were less favorable, since the increased earnings did not result in tax payments or transfer payment reductions adequate to fully amortize allowances and training costs except under the high benefit assumptions. ^{19/}

			Taxpayer Benefit-Cost Ratios All Terminees		
Benefit and Cost Assumptions			Including Minimum Estimated Transfer Savings	Including Intermediate Estimated Transfer Savings	Including Maximum Estimated Transfer Savings
High benefit	o	Low cost	1.08	1.19	1.36
	o	Intermediate cost	1.00	1.09	1.26
	o	High cost	.98	1.07	1.23
Intermediate benefit	o	Low cost	.69	.79	.97
	o	Intermediate cost	.64	.73	.89
	o	High cost	.62	.72	.88
Low benefit	o	Low cost	.59	.69	.87
	o	Intermediate cost	.55	.64	.80
	o	High cost	.54	.63	.79

Benefits and Costs of OJT

Benefit-cost analysis of on-the-job training is even more equivocal because of uncertainties about the relative amount of output produced by trainees, the real training costs, and the degree of difference between CETA-referred clients and similar individuals who would have been hired without employer reimbursement.

There are also some thorny and unresolved methodological issues. The benefit-cost calculations for classroom training counted post-program earnings gains as the primary benefit to society and the training outlays and foregone earnings as the costs. Transfers were excluded on the supposition that the welfare benefits from added consumption of participants were balanced by the welfare losses in reduced consumption by nonparticipants. For OJT, this methodology would count as costs the actual training outlays by employers plus services and administrative costs of the prime sponsors, and the differential between the output of OJT trainees and their foregone earnings. The OJT trainees are paid the same as regular entrants despite lower productivity, and the difference between their pay and the value of their output would be considered a transfer and excluded from social costs.

A different methodological approach is to assume that the cost of OJT equals training outlays by employers, services, and administrative costs of the prime sponsor, foregone earnings, plus the differential between trainee pay and output. If the job were filled in the normal way during the train-

ing period, output would be higher by the amount of this differential, so that it might be reasonably counted as a social cost. This second approach is most often adopted, because under the assumption that the employer reimbursement just covers training costs and the deficient productivity of trainees, prime sponsors' costs can be equated with social costs. This methodology presumes that the individual who would normally be hired is subsequently not employed for the training period; if he or she gets another job, society may not be losing the increment in output during training. Presumably, also this displaced individual does not lose ground over the long run as a result. There is a further assumption that the employment and output foregone by the participant during training is not simply taken up by another unemployed worker. Finally, equating the employer reimbursement with the training cost plus the productivity deficit of trainees assumes that there is no windfall to the employer.

It is possible, however, particularly when OJT referrals are similar to regular hires that the normal reimbursement of one-half of wages more than covers the extra hiring and training costs. Some employers may be making a social contribution, but most are presumably profit maximizers, who will not contract for OJT unless the reimbursement leaves them as well or better off than regular hiring procedures. Unless there is a great deal of jawboning and public recognition for participating employers, windfall is more likely on balance than employer social contribution. Even under the assumption that the employer reimbursement just covers extra costs, the allocation between actual training expenditures and deficient productivity during training is still uncertain. Presumably, training costs are higher the more that output of the trainees falls short of the output of regular employees, but there is no way to know how the pie is split. An assumption is necessary because foregone output is the difference between what the trainee would have produced if he or she were not participating and the value of output in the OJT assignment. If substantial learning is required to do the new job effectively, the alternate output may be greater than the output during training; if there is no substantial training, or if the chances of unemployment are high in the absence of participation, the reverse could be true. The assumption is critical if transfer payments are further subtracted from costs (the first methodological approach) because they can offset much of the employer reimbursement, making the only cost the difference between OJT output and alternative output. Since the participants are usually drawn from the unemployed, OJT output, even at low hourly productivity, will usually exceed the alternative where hourly productivity may be greater in less skilled work, but there are fewer hours of likely employment. In other words, this first methodology usually implies that OJT has little real cost, just as job creation is assumed to have limited cost if otherwise idle resources produce output valued near the cost of wages, supervision, services, and administration.

An even more basic issue is how to count the post-program benefits. If there is a great deal of windfall for the employer, i.e., little training and little difference between the output of OJT trainees and regular hires, little net skill improvement could possibly result. The post-program earnings of the participant would be higher because he or she had the scarce job rather than another like individual who could have and would have performed equally, but society is not necessarily better off since the other individual's losses are the participant's gain. The post-

program earnings increment is more likely to be a net benefit for society where there is a large difference between foregone earnings and OJT earnings, or more specifically, between the marginal productivity or earnings rate in the OJT job once hired compared to that in the most likely alternate employment. In plain English, if a trainee is very much like normal hires, but would have a high chance of unemployment because there are not enough jobs to go around, then the earnings gains post-program cannot be equated with social benefits. Only if increased earnings reflect skill enhancement for the individual will they represent net benefits.

Conventional benefit-cost procedures which count all increased post-program earnings relative to controls as a social benefit clearly stack the cards in favor of OJT, which provides immediate employment even if it offers no training. Job Corps graduates or classroom training completers may also get their jobs as a result of placement leverage rather than skill enhancement, in which case the earnings gains may not represent social benefits. However, the training activities and costs can still be documented, and there are no financial incentives for the employers to hire participants. In OJT, it is difficult to determine what training really occurs and whether the subsidies are basically for hiring rather than training.

The simplest benefit-cost calculations assume away these complications by equating the reimbursement to employers with extra training costs plus the output differential resulting from hiring less skilled trainees, and by counting all post-program earnings gains relative to controls as social benefits. The foregone output is estimated as the value of output in the OJT assignment minus the earnings foregone as a result of participation. Using the same projection and discounting assumptions as in the classroom training calculations, the intermediate estimate of the current value of increased post-program earnings for 1976 on-the-job trainees completing during calendar 1976 was \$4085 or more than a third above the same estimate for classroom training.

Benefit Projection and Discounting Assumptions	Present Value of Post-Program Earnings Increment		Present Value of Post-Program Tax Increment	
	Based on 1977-1978 Gains for Fiscal 1976 Participants Terminated in 1976	Based on 1977-1978 Gains for All 1976 Participants	Based on 1977-1978 Gains for Fiscal 1976 Participants Terminated in 1976	Based on 1977-1978 Gains for All 1976 Participants
High--Assume no fade-out of real gains gains, 5 percent discount rate	\$7862	\$7739	\$1572	\$1548
Intermediate--Assume 14 percent fade-out of real gains, 5 percent discount rate	\$4035	\$3971	\$807	\$794
Low--Assume 14 percent fade-out of real gains, 5 percent real discount rate and no benefits beyond 10 years post-program	\$3107	\$3057	\$621	\$611

The OJT cost per participant, including federal overhead, was an estimated \$1556 in fiscal 1976. According to estimates from the national management information system, \$428 of this represented services and administration provided by CETA. 20/ The estimated \$1028 average employer reimbursement presumably equaled the extra training costs and reduced output. The CLMS reported annualized earnings of \$5500 for participants while in OJT slots, which would translate into an estimated \$2565 per participant in wages, salaries, and fringes. 21/

The foregone social product was the difference between likely earnings elsewhere and the output in the trainee position. The 1976 Social Security earnings of a simulated control group for the OJT sample were \$1396, while the 1975 earnings of OJT participants, adjusted to 1976 prices, were \$1113, providing two estimates of alternate output after adjusting for fringes, i.e., \$1605 and \$1280, respectively. 22/ Foregone social product under varying assumptions was as follows:

	Foregone Output/ Social Product
Assumption (1) OJT output valued at one-fourth wages and fringes; high alternative earnings assumption	\$964
Assumption (2) OJT output valued at one-fourth wages; low alternative earnings assumption	639
Assumption (3) OJT output valued at one-half wages; high alternative earnings assumption	322
Assumption (4) OJT output valued at one-half wages; low alternative earnings assumption	-3
Assumption (5) OJT output valued at three-fourths wages; high alternative earnings assumption	-319
Assumption (6) OJT output valued at three-fourths wages; low alternative earnings assumption	-644

Benefits other than earnings gains were less for OJT than for classroom training because the participants were less disadvantaged. Savings from reduced criminal activity, drug treatment, and alternate program usage were probably minimal. The maximum transfer savings, calculated as for classroom training, were \$36 in administrative costs and \$294 in current value of reduced benefits as estimated using the Job Corps study benefit levels and \$425 using the CLMS-reported levels. 23/

From a social perspective, benefits substantially exceeded costs. Under the varying assumptions, the social benefit-cost ratio for OJT in fiscal 1976 ranged from a high of 8.48 to a low of 1.21, excluding any transfer administrative savings and based on the gains for all 1976 participants:

		Social Benefit- Cost Ratio
High benefit; Foregone output assumption:	(1)	3.08
	(2)	3.51
	(3)	4.12
	(4)	4.98
	(5)	6.24
	(6)	8.48
Intermediate benefit; Foregone output assumption:	(1)	1.57
	(2)	1.80
	(3)	2.11
	(4)	2.55
	(5)	3.20
	(6)	4.35
Low benefits; Foregone output assumption:	(1)	1.21
	(2)	1.40
	(3)	1.63
	(4)	1.96
	(5)	2.47
	(6)	3.35

These estimates did not subtract the transfer payments components of enrollee wages from social costs, which would be required for consistency with the classroom training estimates. The magnitude of transfers depends on estimates of the extra costs of training on the job, which presumably are related to the productivity of the trainees when they enter the door. The following are three sets of arbitrary cost assumptions:

	Training Cost Low	Training Cost Medium	Training Cost High
Output equal one-fourth of wages and fringes	\$300	\$1000	\$1923
Output equals one-half of wages and fringes	200	500	1283
Output equal three-fourths of wages and fringes	100	250	641

Using these training cost assumptions combined with the six sets of OJT output and foregone earnings assumptions, the benefit-cost ratios were higher than the estimates which did not subtract transfers. It is important to note that these assumptions permit the sum of training costs and the output differential between trainees and regular hires to exceed the employer reimbursement in some cases, while being less in others. Obviously, there could be any number of assumptions which would dramatically affect the benefit-cost ratios.

	Total Social Cost			Social Benefit/Cost Ratio Under Intermediate Benefit Projection and Discounting Assumptions		
	Employer Training Cost Low	Employer Training Cost Medium	Employer Training Cost High	Employer Training Cost Low	Employer Training Cost Medium	Employer Training Cost High
Assumption (1) OJT output valued at one-fourth wages and fringes; high alternate earnings assumption	1692	2392	3315	2.50	1.77	1.18
Assumption (2) OJT output valued at one-fourth wages; low alternate earnings assumption	1367	2067	2990	3.10	2.05	1.41
Assumption (3) OJT output valued at one-half wages; high alternate earnings assumption	959	1250	2033	4.40	3.39	2.09
Assumption (4) OJT output valued at one-half wages; low alternate earnings assumption	625	925	1708	6.77	4.57	2.48
Assumption (5) OJT output valued at three-fourths wages; high alternate earnings assumption	209	359	750	20.22	11.78	5.63
Assumption (6) OJT output valued at three-fourths wages; low alternate earnings assumption	-116	34	425	No social costs	106.4	9.97

The taxpayer benefit-cost ratio includes taxes on post-program earnings and reductions in transfers and transfer administration. The costs include the OJT per participant costs plus foregone taxes (which are a negative on the cost side if OJT participants pay more taxes than they would under either of the alternate earnings assumptions).

Benefit projection and discounting projections	No transfer cost savings; lower alternate earnings assumptions	No transfer cost savings; higher alternate earnings assumptions	Maximum transfer cost savings; lower alternate earnings assumptions	Maximum transfer cost savings; higher alternate earnings assumptions
High benefit	1.19	1.12	1.75	1.66
Intermediate benefit	.60	.59	1.06	1.02
Low benefit	.47	.45	.84	.80

All these estimates rest on the supposition that the earnings gains measured in the post-program period reflect increased social output and taxes. Presumably, this is valid if training does occur and the gap between OJT output and normal productivity of entry employees is great. If trainees are just as productive as regular hires and there is no real

training on the job, it is tenuous to ascribe any of the gain relative to controls as a net social benefit. A reasonable assumption is that the net social benefit is directly proportional to the gap between value of output and the wages received in the OJT assignment. For instance, if OJT is valued at one-fourth of fringes, the post-program gain might represent total social benefits. Where OJT output is equal to one-half wages, the net social benefit might be only one-half of the gain. Where OJT output is equal to three-fourths of wages, the net social benefit might be only one-fourth of gain. These assumptions would reduce the social benefit-cost estimates (which do not subtract in-program wage transfers and under the intermediate benefit assumptions) to the following:

OJT Output and Alternative Earnings Assumptions	Social Benefit-Cost Ratio if No Discount of Gains	Social Benefit-Cost Ratio if Discount of Gains
Assumption (1)	1.57	1.57
Assumption (2)	1.80	1.80
Assumption (3)	2.11	1.05
Assumption (4)	2.55	1.27
Assumption (5)	3.20	.78
Assumption (6)	4.35	1.09

All these manipulations suggest that the standard benefit-cost assumptions probably overstate the size of the positive payoff of on-the-job training, and that the range of uncertainty is much greater than for classroom training or Job Corps, since the training outlays on the job are difficult to identify and there is the possibility that subsidies are merely buying jobs. The benefit-cost ratios are relatively robust, i.e., restrictive assumptions can be made and positive ratios will still usually prevail given the magnitude of post-program earnings gains for 1976 participants. Nevertheless, the calculations are largely simulative exercises. It is critically important in judging the payoff of OJT to isolate its training effects--i.e., whether occupational change or earnings rate gains are achieved by participants, whether the OJT participants are different from usual hires, and whether the training actually occurring at the worksite is in excess of what is ordinarily provided to entry employees.

The Relative Payoffs

It is evident from the wide range of benefit-cost ratios resulting from plausible alternative assumptions that the rate of return on human resource investments cannot be calculated with any precision. There is less uncertainty when comparable activities are assessed using the same assumptions or when the rates of return are estimated over time for similar activities. 24/

There are, for instance, some interesting comparisons between the benefit-cost estimates for Job Corps and local CETA classroom training. Under the "benchmark" assumptions that produced a social benefit-cost ratio of 1.45 for 1977 Job Corps, the intermediate estimate for 1976 CETA local

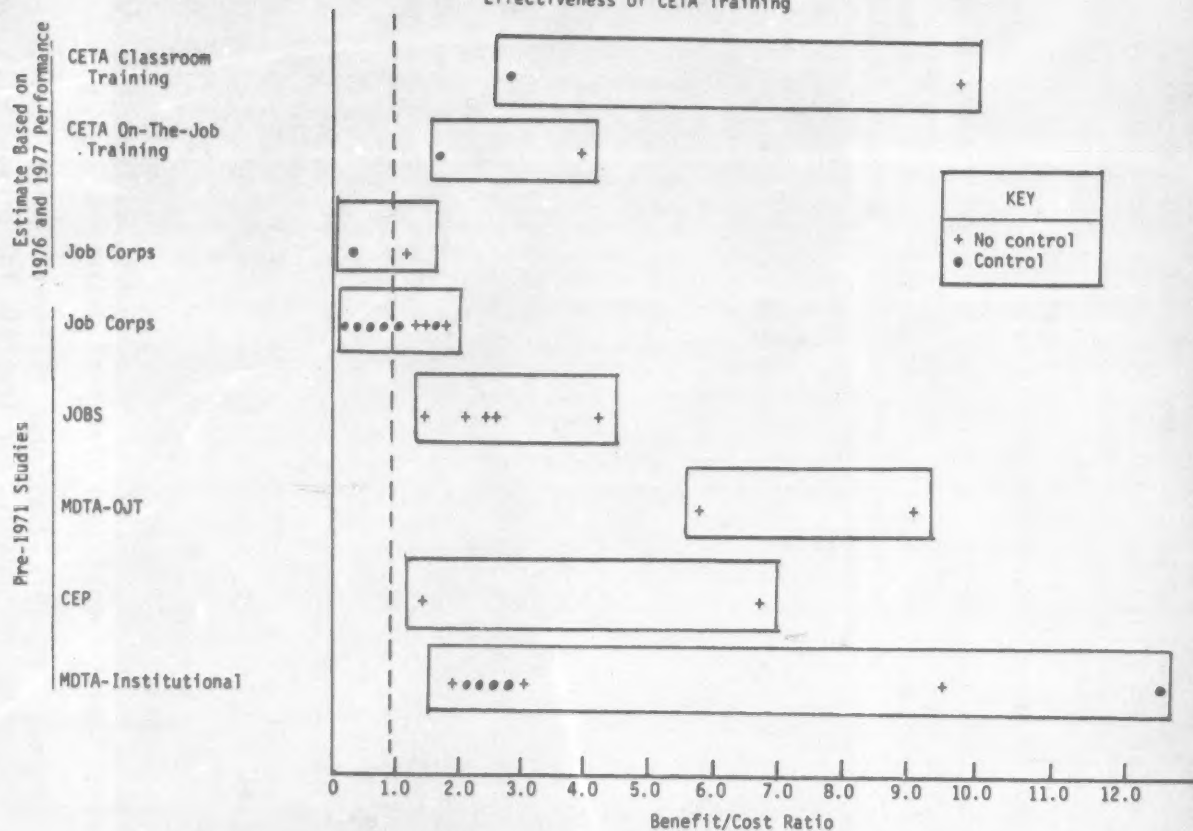
classroom training was 1.38 for all terminees. The costs of CETA training (net of allowances) were only one-fifth as great per trainee, and even though the foregone earnings were a third higher (reflecting the greater employability of the local CETA trainee population), the social costs per participant were two-fifths those of Job Corps. On the benefit side, the discounted post-program earnings gains for CETA participants were three-fourths those for Job Corps. In other words, the earnings payoff per dollar of expenditure was substantially higher for the local CETA programs than for Job Corps, reflecting the fact that classroom trainees were less disadvantaged on average than Corpsmembers. The big difference was in crime impacts. Job Corps had a very substantial immediate effect because it moved a high risk group from the streets into a structured environment. The socialization which occurred in centers lead to a substantial reduction in crime during the immediate post-program period. The estimated value of the crime savings produced by Job Corps almost equalled the present value of the earnings gains of CETA classroom trainees. By the same token, the estimated transfer effects were somewhat less in the case of classroom training than Job Corps, since the young people who entered Job Corps were more likely to rely on welfare because of their greater needs. Additionally, work activities which were part of the Job Corps treatment offset a seventh of Job Corps costs. In other words, both programs were worthwhile social investments. CETA training resulted in greater earnings gains per dollar but slightly less overall payoff because of lesser transfer and crime reduction effects.

From a taxpayer's perspective, the Job Corps yielded a greater payoff because of these reductions in crime and dependency. For CETA training, because of the less disadvantaged nature of the entering population and the less comprehensive treatment, the maximum estimated transfer savings were only two-thirds as large as the measured net savings produced by Job Corps, and a best guess is that there were little or no crime savings resulting from local programs. Thus, while both CETA training and Job Corps were worthwhile social investments, and while CETA produced more earnings increase per dollar of social or taxpayer expenditure, Job Corps came closer to paying back taxpayer outlays in visible ways--reduced dependency and crime. It is understandable, then, why Job Corps has become more politically popular than CETA.

The taxpayer benefit-cost ratio of OJT was also substantially greater than for classroom training under the assumption that the post-program earnings gains represented the payoff of training rather than the simple purchase of a job for participants. Taxpayers are unlikely to give much thought to displacement effects and the esoteric arguments involved. They see more placements resulting from OJT, significant earnings gains for participants, and increased taxes paid. It is no wonder the public favors private sector approaches. In this case, however, the taxpayers' judgment may be faulty. The relative payoff of institutional training vs. on-the-job training depends critically upon the degree of real training involved at the OJT worksite and the productivity differential between trainees and regular hires. To the degree OJT participants are like regular hires and to the degree that OJT offers jobs more than training, the relative payoffs to the taxpayer are more apparent than real. If OJT usage is increased by being more generous with reimbursements or less restrictive about who is hired, it is entirely possible that the windfall element would increase and the real payoff would decline.

The benefit-cost estimates for CETA training can also be contrasted with the results for the categorical training programs which preceded CETA. Two dozen studies of institutional training, on-the-job training, and work experience programs operating during the 1960s and early 1970s have been summarized using standardized benefit-cost analysis assumptions. ^{25/} Standard benefit estimates were based upon the increase in before-tax earned income from the year before training to the year after training. Studies which measured gains relative to controls were distinguished from studies which measured the gains in absolute terms for participants. Foregone earnings were not considered. Enrollee stipends were excluded as costs for institutional training but included for on-the-job training. The gains in the year following training were projected for a 10-year period with no fade-out and the present value was calculated using a 10 percent discount rate. Under these assumptions, the CLMS measured gains relative to controls were \$347 for CETA classroom trainees, and \$839 for OJT participants in the first post-program year. The absolute pre/post earnings gains were \$1104 and \$1882, respectively, after adjusting for minimum wage changes over the period. Using the measurements of gains relative to controls, the benefit-cost ratio for 1976 classroom training was 2.9, while based on the pre/post gains for participants alone, it was 9.2. For OJT, the benefit-cost ratios were 1.7 and 3.9, respectively. For Job Corps, the first year earnings gain relative to controls was \$209, yielding a current value of \$1413 which did go far to amortize the \$4189 cost of the program. The pre/post gain of participants was \$831, yielding a current value of \$5618. The benefit-cost ratios were, thus, .34 using the control group estimation methodology and 1.34 based on the absolute gains of participants alone. The standardized methodology ignored the fact that earnings gains increased from the first to second post-program year, and that crime and transfer reductions offset much of the cost, thus understating the rate of return on the Job Corps investment in 1977 and probably in earlier years as well. Without arguing for the realism of the standardized estimation assumptions, it appears that classroom training under CETA in 1976 compared favorably with preceding institutional training efforts, while CETA OJT fell in the mid-range of earlier cost effectiveness estimates--all of which showed positive benefit-cost results for OJT (Figure 3.1). Job Corps was not substantially more effective than previous studies had estimated.

Figure 3.1
Historical Perspective on Cost-
Effectiveness of CETA Training



Source: Joe N. May, John W. Scanlon, and Joseph S. Wholey, Benefits and Costs of Manpower Training Programs: A Synthesis of Previous Studies With Reservations and Recommendations (Washington, D.C.: The Urban Institute, 1971).

SECTION 2. AN ANATOMY OF IMPACTS

While Job Corps, local classroom training and OJT result in earnings increases for participants as a whole, the average includes some individuals who make major gains, many who gain incrementally, some who are not affected one way or the other, and a few who would have done better if they had stayed in the labor market looking for work. The distribution of impacts is as important as the average. If gains are concentrated so that one subgroup of participants gains a lot while most gain very little, training might be considered less favorably than if most groups gained at least modestly. There may also be variability in the duration of gains. For some groups the effects may be only short term, while for others the payoffs might increase dramatically over time.

Likewise, the sources of the gains are important. Earnings increases may result from movement into higher paying jobs in the same occupation and industry, from occupational mobility, from greater stability of employment or from increased labor force participation. Gains produced by stabilizing the work patterns of the disadvantaged have far different consequences than gains which reflect access to new career tracks. Training may serve different purposes for those who have worked steadily, but lost their jobs, those who have had unstable work patterns and need to get linked into the primary labor market or to become more dependable, and those who are entering or reentering the labor force after a long absence.

Who Benefits From Training? 26/

Almost everyone benefits substantially from on-the-job training, both in comparison to like participants in other CETA activities and relative to control groups. Among significant segments of the participant population identified by race, sex, age, and prior earnings patterns, the CLMS-CPS impact estimates suggest that only one subgroup of 1976 participants--white females in PSE--benefited more from subsidized work than from OJT (Table 3.3). Training on-the-job rather than in the classroom yielded greater gains for all subgroups except white females, participants with previously higher earnings patterns, and persons age 30 to 44; even in these cases, the OJT impacts were still substantial. The only negative aspect of OJT was that for all subgroups except participants with relatively higher earnings before entry, the net impacts declined from the first to second post-program years. While the second year impacts remained positive and substantial, the fade-out was significant for those groups who achieved the largest first-year gains and for subgroups with more severe problems such as low earners, black males and females, and persons less than age 20, for whom sustained impacts would have been most desirable.

All subgroups of 1976 classroom trainees gained relative to their controls. The gains are greatest for females, for persons with low or high but not intermediate earnings in the two years prior to entry, and for persons age 30 and over. Classroom training had more post-program impact than work experience for all groups except participants age 45 and over. Compared to PSE, classroom training was more effective for males but not

Table 3.3
Estimated Earnings Impacts of CETA Activities

OJT Enrollees in Fiscal 1976 Terminating in Calendar 1976						
	1977 SSA Earnings Relative to Controls	1978 SSA Earnings Relative to Controls	1977 and 1978 SSA Earnings Relative to Controls	Dollar Change in Net Impact, 1977-1978	1977 and 1978 Earnings Relative to Controls for OJT Participants Minus Earnings Relative to Controls for PSE Participants	1977 and 1978 Earnings Relative to Controls for OJT Participants Minus Earnings Relative to Controls for Work Experience Participants
Race/Sex						
White male	+\$775	+\$588	+\$1363	\$-107	+\$953	+\$2288
Minority male	+1132	+543	+1675	-589	+2374	+1776
White female	+758	+524	+1102	-254	-1060	+1103
Minority female	+1197	+727	+1924	-470	+288	+1188
Prior Earnings Pattern*						
Low earners	+1310	+811	+2121	-499	+494	+2314
Intermediate and mixed earners	+494	+342	+836	-152	+688	+1266
High earners	+298	+400	+698	+102	+855	+1689
Age						
17-18	+1235	+697	+1932	-538	+749	+1703
19-21	+718	+617	+1335	-101	+446	+2127
22-25	+780	+414	+1194	-366	+1252	+1699
26-29	+820	+339	+1159	-481	+164	+2391
30-44	+814	+727	+1541	-87	+1394	+2175
45+	+931	+749	+1680	-182	+87	+3045

Classroom Trainees Enrolling in Fiscal 1976 and Terminating in Calendar 1976						
	1977 SSA Earnings Relative to Controls	1978 SSA Earnings Relative to Controls	1977 and 1978 SSA Earnings Relative to Controls	Dollar Change in Net Impact, 1977-1978	1977 and 1978 Earnings Relative to Controls for Classroom Trainees Minus Earnings Relative to Controls for PSE Participants	1977 and 1978 Earnings Relative to Controls for Classroom Trainees Minus Earnings Relative to Controls for Work Experience Participants
Race/Sex						
White male	+\$411	+\$421	+\$832	\$+10	+\$421	+\$1757
Minority male	+219	+130	+349	-89	+1048	+450
White female	+573	+747	+1220	+174	-942	+1221
Minority female	+480	+698	+1178	+218	-458	+442
Prior Earnings Pattern*						
Low earners	+595	+420	+1015	-175	-612	+1209
Intermediate and mixed earners	+30	+266	+296	+236	+128	+726
High earners	+294	+1061	+1355	+767	+1512	+2346
Age						
17-18	+230	+183	+413	-47	-770	+184
19-21	+242	-17	+225	-259	-664	+1017
22-25	+49	+277	+326	+128	+384	+831
26-29	+8	+445	+453	+437	-542	+1685
30-44	+1032	+1278	+2310	+246	+2163	+2944
45+	+566	+477	+1043	-89	-550	-322

*Low earners are defined as those with earnings below \$2,000 in each of the two pre-entry years. High earners are those with earnings above \$4,000. All others are intermediate and mixed earners.

Source: Westat, Inc. Impact of 1978 Earnings of New FY 1976 CETA Enrollees in Selected Program Activities (Washington, D.C.: Employment and Training Administration, Office of Policy, Evaluation and Research, February 1981).

females, for high earners but not for low earners, and for prime working age (30-44) participants but not for those younger. The gains for the 30-to 44-year-old participants accounted for three-fifths of the 1977-1978 aggregated earnings increases for all trainees even though they represented only one-fifth of classroom trainees. The gains of trainees age 30 and over accounted for nearly two-thirds of the aggregated gains though these mature participants accounted for less than a fourth of all trainees.

The earnings impacts of classroom training increased substantially from the first to second post-program years for female participants and for trainees age 22 to 29. However, the gains of previous low earners faded out, as did the limited initial impacts for black males. Females accounted for 78 percent of the aggregated first-year gains, but 85 percent of the second year gains. In contrast, previous low earners, representing half of classroom trainees, accounted for nine-tenths of the aggregated first year gains, but only half of the second year total.

Few surprises emerge from further disaggregation among classroom trainees, and the estimates become more speculative because of the small sample sizes and the sensitivity of the estimates to the matching procedures (Table 3.4). The big gainers were trainees age 30-44, whatever their race/sex category and previous earnings patterns. Minority youth tended to lose ground, as did participants in their twenties who had substantial prior earnings but interrupted employment. Individuals with intermediate or mixed earnings in the two years before entry had limited but positive improvements. For previously low earners, the gains were substantial.

Regression analysis of the annual earnings gains from the year before entry to the second year after termination provides confirmation of these net impact estimates. ^{27/} The relative gains of race/sex groups in the different program components estimated from follow-up interview data are similar to those estimated from the CLMS-CPS match. The differential between classroom training and work experience impacts was greater for whites than for blacks. Minority females benefited most from work experience relative to other components. Males gained more than females from classroom training rather than work experience assignments. The relative gains from PSE were larger than estimates from Social Security earnings of the the CLMS-CPS match groups which undercounted the earnings of PSE participants moving into unsubsidized public sector jobs.

Earnings Gains From Pre-Entry Year to Second Post-Termination
Year for Enrollees in Classroom Training, OJT and PSE
as Measured Relative to Gains for Work Experience Participants

	Classroom Training	OJT	PSE
White males	\$1859	\$1477	\$1136
Minority males	431	1469	514
White females	820	1947	345
Minority females	-21	1308	-270

Table 3.4
Estimates of 1977 Gains for Age/Earnings and
Age/Race/Sex Subgroups of 1976 Classroom Trainees*

Gains \$1000+	30-44 low earners
	30-44 high earners
	30-44 minority males
	30-44 white females
Gains \$500-\$1000	30-44 minority females
	45+ low earners
	19-21 white males
	26-29 white males
	17-18 white males
	26-29 white females
Gains \$250-\$500	22-25 minority females
	17-18 low earners
	19-21 low earners
	22-25 low earners
	26-29 low earners
	17-18 white males
	22-25 white males
	19-21 minority females
	26-29 minority females
	19-21 mixed earners
Gains \$0-\$250	22-25 mixed earners
	26-29 mixed earners
	30-44 mixed earners
	30-44 white males
	22-25 white females
	22-25 high earners
Losers	26-29 high earners
	19-21 minority males
	22-25 minority males
	26-29 minority males
	17-18 minority females

*Includes only subgroups with more than 50 cases in the CLMS.

Source: Westat, Inc. Impact on 1977 Earnings of New FY 1976 CETA Enrollees in Selected Program Activities (Washington, D.C.: Employment and Training Administration, Office of Policy, Evaluation and Research, December 1980).

Underlying these net impact estimates are quite different employment and earnings changes from the pre-entry year to the second post-termination year for different subgroups of participants in different program activities. The employment status of whites in classroom training improved much more than that of whites in work experience; conversely, for blacks and other Hispanics, training did not yield as great relative improvements (Table 3.5). Employment rates of classroom trainees with 12 or more years of education increased substantially compared to the modest increases for similar work experience participants. In contrast, participants with less than a high school education gained more in earnings from classroom training but more in employment from work experience. PSE had very little impact for persons with less than a high school diploma on entry.

Table 3.5
Employment and Earnings Changes From Year Before Entry to Second Post-Termination
Year for Subgroups of Participants in Different Activities
(Second Half Fiscal 1975 Entrants)

	Change in Percent Time Employed				Change in Annual Earnings			
	Classroom Trainees	On-The-Job Trainees	Work Experience Participants	Public Service Employment Participants	Classroom Trainees	On-The-Job Trainees	Work Experience Participants	Public Service Employment Participants
Male	20%	23%	15%	24%	\$2710	\$3150	\$1800	\$2980
Female	23	32	21	22	2200	3260	1970	2250
White	22	25	14	25	2690	3270	1700	2950
Black	21	25	25	17	2080	3060	2020	2060
Other	22	31	23	26	2530	2990	2420	2910
Less than age 22	24	26	--	27	2520	3340	--	2770
22+	20	26	17	22	2360	3120	1890	2730
Less than 12 years education	20	21	22	12	2180	2400	1610	1380
12 years or more	23	28	15	27	2990	3550	1980	3200

Source: Westat, Inc. CLMS Follow-Up Report No. 3 (36 Months After Entry), Experiences in the First Two Postprogram Years With Pre/Post Comparisons For Terminees Who Entered CEYA During January/June 1975 (Washington, D.C.: Employment and Training Administration, Office of Policy, Evaluation and Research, December 1980), Tables 58 and 60.

The Job Corps results suggest that even the most disadvantaged youth can benefit from training. Yet there are differences in the impacts for subgroups of the Corpsmember population. Females without children benefited substantially in both employment and earnings rates, while males increased mostly in their employment rates. Females with children benefited less along both dimensions. 28/

Job Corps Net Impacts Relative to Controls During Two-Year Post-Program Period

	Males	Females Without Children	Females With Children
Increase in percent of weeks employed	+.064	+.057	+.003
Increase in percent of weeks in labor force	+.015	+.138	N.A.
Increase in earnings	\$580	\$1282	\$269

Controlling for type of center, age, educational attainment, and race, Hispanic male Corpsmembers gained most in employment from pre-entry to post-termination, while white males gained most in earnings. High school graduates improved more in earnings. Younger participants did not gain as much in earnings. ^{29/} This does not mean that blacks, dropouts, and younger teenagers benefited less from Job Corps, since lesser improvement would have been expected net of treatment. No data are available to estimate net impacts for these subgroups.

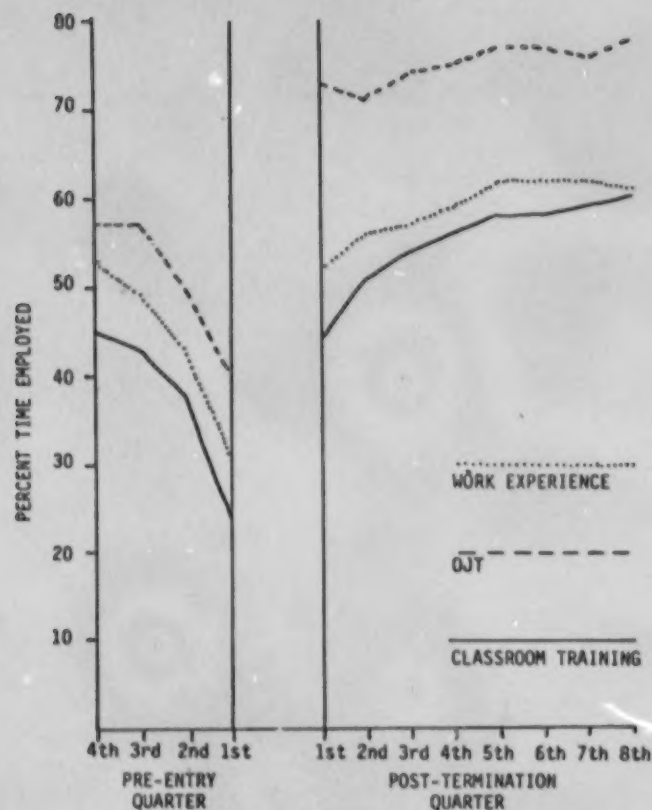
	Change in Percent Employed Between Pre-Enrollment Period and Week Prior to First Follow-up		Change in Average Weekly Earnings Between Pre-Enrollment Period and Week Prior to Follow-up	
	Males	Females Without Children	Males	Females Without Children
Black	+0.119	+0.079	+\$26.08	+\$19.90
White	+0.175	+0.169	+44.84	+28.46
Hispanic	+0.252	+0.111	+37.61	+14.91
16-17	+0.087	+0.109	+22.95	+10.40
18-22	+0.170	+0.091	+35.91	+24.20
High school diploma at entry				
Yes	+0.142	+0.053	+30.82	+16.75
No	+0.132	+0.197	+35.12	+29.06

The Underlying Changes in Employment and Earnings

The aggregate patterns of employment and earnings change are quite different for participants in local classroom training, Job Corps, on-the-job training, and work experience. OJT results in a dramatic and immediate increases in employment rates. In the fourth quarter before entering CETA, fiscal 1975 on-the-job trainees were working 57 percent of the time. The employment rate rose to 73 percent in the first post-program quarter, increasing only gradually thereafter to 78 percent by the eighth post-program quarter (Figure 3.2). In contrast, classroom trainees and work experience participants just equalled their year earlier employment rates when they left the program. However, employment rates among the classroom trainees rose rapidly thereafter, from 44 percent in the first quarter after exit to 58 percent by the fifth quarter. Compared to this 14 percentage point rise for classroom trainees, the employment rate of work experience participants increased only 10 percentage points over the post-termination year. Employment also declined in the second post-termination year for work experience participants compared to a slight rise for classroom trainees. For fiscal 1976 CETA participants, the patterns were similar in the first post-termination year. ^{30/}

Figure 3.2

AVERAGE PERCENT TIME EMPLOYED PRE-ENTRY
AND POST-TERMINATION BY PROGRAM ACTIVITY,
SECOND HALF FISCAL 1975 PARTICIPANTS



Source: Westat, Inc. CLMS Follow-up Report No. 3 (36 Months After Entry) Experiences in the First Two Postprogram Years, with Pre/Post Comparisons, For Terminees Who Entered CETA During January-June 1975 (Washington, D.C.: Employment and Training Administration, Office of Policy, Evaluation and Research, December 1980), Table 40.

Classroom trainees must search for and find jobs to use their new skills, while on-the-job trainees, if successful in their training assignments, already have jobs. For instance, immediately at exit, only 30 percent of fiscal 1975 classroom trainees were employed, rising within a month to 41 percent and in two more months to 48 percent (Figure 3.3). Most of this gain was matched by a decline in the percentage not in the labor force. The subsequent employment gains beyond the first post-termination quarter were the result of a declining incidence of unemployment. For OJT, in contrast, there was no period of post-program transition, and little post-program change in labor force participation.

The average annualized quarterly earnings of participants reflected these employment patterns. The second half fiscal 1975 OJT participants had average earnings in the first post-program quarter of \$6,620, which then rose by a fourth to \$8,370 at the end of the eighth post-program quarter (Figure 3.4). Classroom trainees had substantially lower earnings during the post-termination transition period, but they rose more subsequently, i.e., from \$3,660 to \$5,880, or by three-fifths. Work experience participants were better off than classroom trainees during their first post-termination quarter, but earnings increased less, i.e., from \$3,850 to \$5,360, or by just two-fifths.

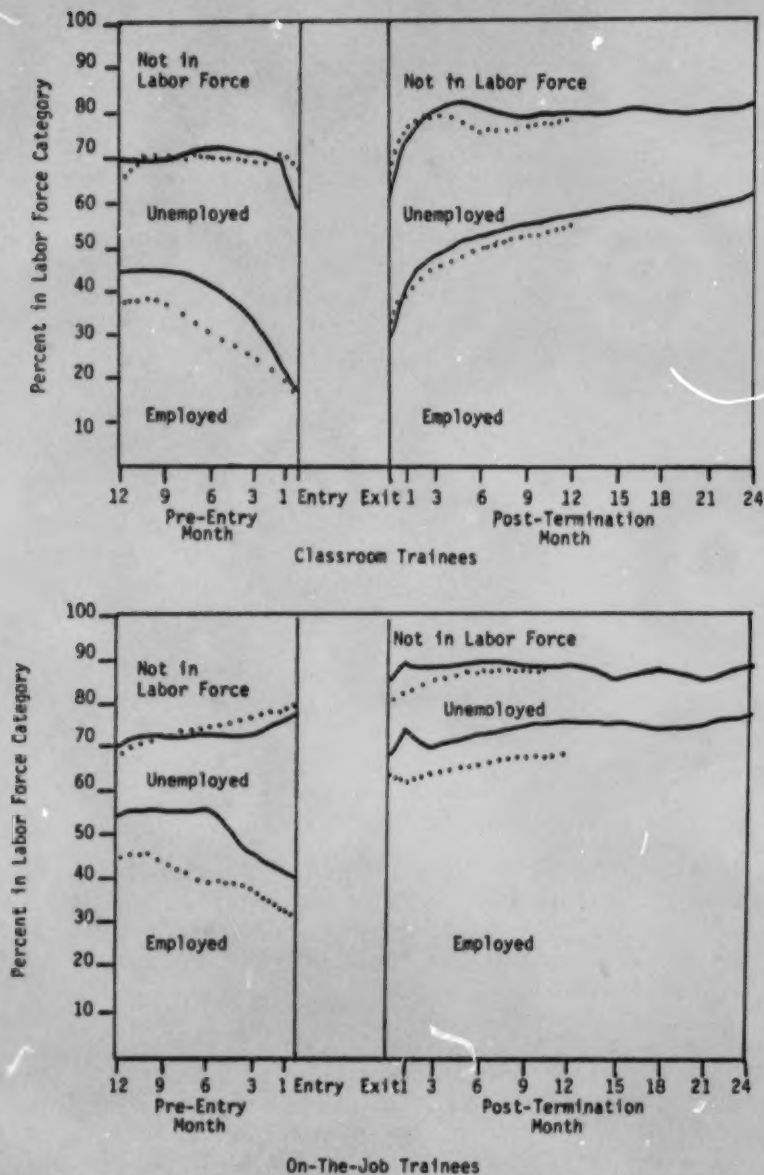
Another perspective on post-program changes is provided by estimates of full employment earnings--real earnings divided by percent time employed. The classroom trainees experienced a gain of 18 percent in full employment earnings from the first to the eighth post-termination quarters, work experience participants gained 19 percent, and OJT participants gained 18 percent. This suggests that average earnings per week of employment for participants in OJT, work experience, and classroom training rose at roughly the same rates over the post-program period, so that the differentials in annualized earnings gains were the result of differing trends in employment.

For Job Corps participants, the post-program transition is complicated by the readjustment in returning home or moving to a new labor market. It took several months for the weekly earnings of 1977 Corpsmembers to catch up to those of controls, and in the first quarter after exit their earnings were lower (Figure 3.5).

The earnings impacts of training programs are produced primarily by increased employment rather than increased earnings rates. For second half fiscal 1975 classroom trainees, the annual earnings (adjusted for inflation) rose 45 percent from the pre-entry year to the first post-termination year. The percent of weeks employed rose by 38 percent. Increased employment, thus, accounted for 84 percent of the gain in annual earnings.^{31/} From the first to second post-termination years, the annual earnings of classroom trainees rose by 25 percent in real terms and the weeks employed by 16 percent, so that employment increases accounted for 63 percent of the earnings gain between the first and second year. Comparing the second year to the pre-entry year, the employment increases accounted for three-fourths of the real gain in annual earnings.

For 1976 classroom trainees, earnings rose by 91 percent from the fourth quarter prior to entry to the fourth quarter after exit. Adjusting

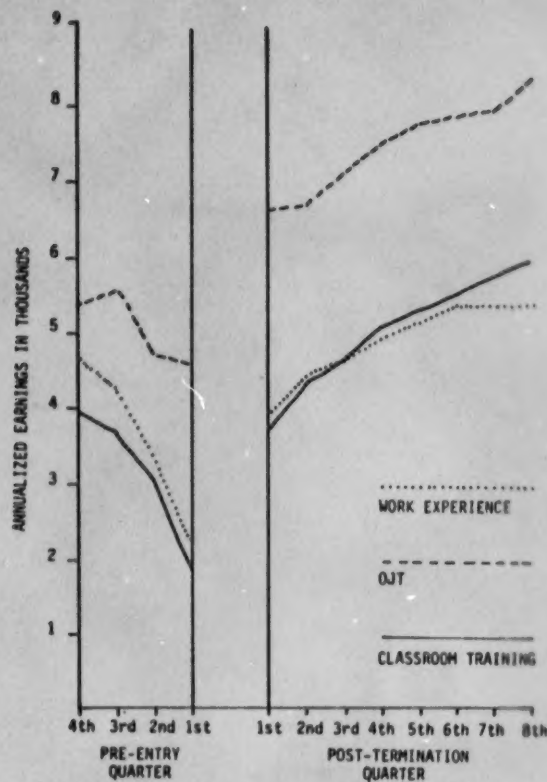
Figure 3.3
Pre-Entry and Post-Termination Employment Status of Terminees
 _____ Second Half Fiscal 1975 Participants
 Fiscal 1976 Participants



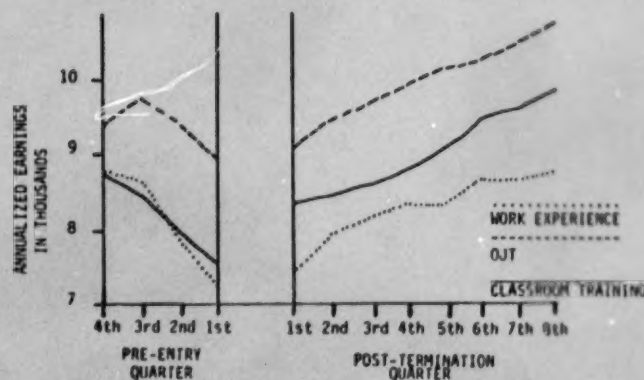
Source: Westat, Inc. CLMS Follow-up Report No. 3 (36 Months After Entry), Experiences With the First Two Postprogram Years With Pre/Post Comparisons, For Terminees Who Entered CETA During January-June 1975 (Washington, D.C.: Employment and Training Administration, Office of Policy, Evaluation and Research, December 1980), Table 38; Westat, Inc. Postprogram Experiences and Pre/Post Comparisons For Terminees Who Entered CETA During Fiscal Year 1976 (July 1975-June 1976) (Washington, D.C.: Employment and Training Administration, Office of Policy, Evaluation and Research, March 1979), Tables 51-53.

Figure 3.4
Earnings Gains Patterns for Second Half Fiscal 1975 CETA Participants

AVERAGE ANNUALIZED QUARTERLY EARNINGS
IN CONSTANT DOLLARS BY PROGRAM ACTIVITY

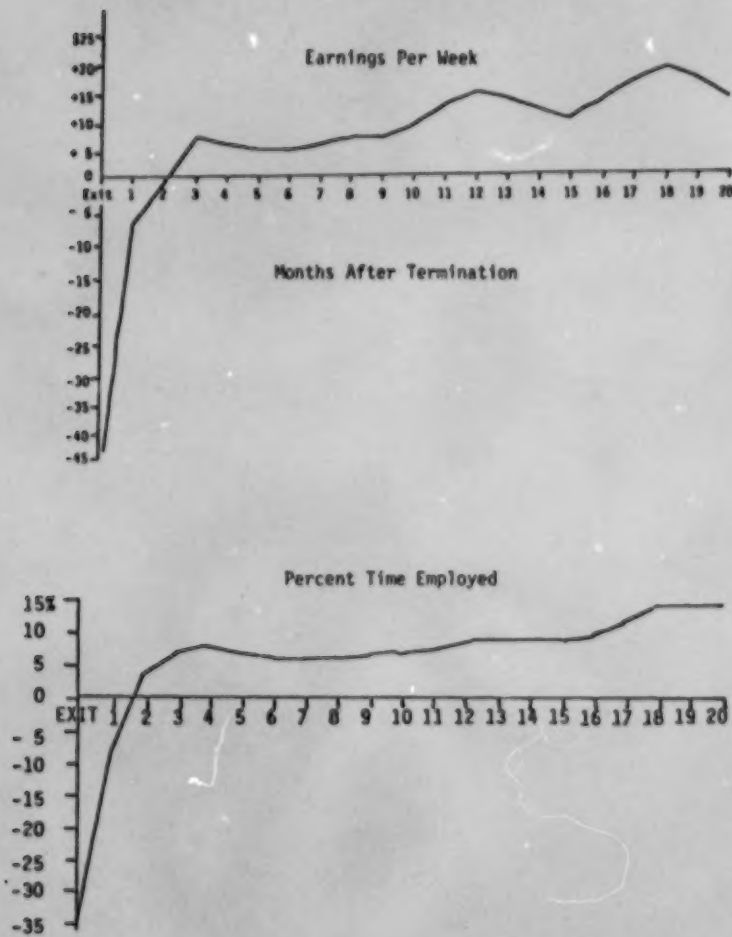


AVERAGE ANNUALIZED QUARTERLY EARNINGS
IN CONSTANT DOLLARS ASSUMING EMPLOYMENT
100 PERCENT OF TIME
(AVERAGE EARNINGS DIVIDED BY PERCENT TIME WORKED)



Source: Westat, Inc. CLMS Follow-up Report No. 3 (36 Months After Entry). Experiences With the First Two Postprogram Years with Pre/Post Comparisons, For Terminees Who Entered CETA During January-June 1975 (Washington, D.C.: Employment and Training Administration, Office of Policy, Evaluation and Research, December 1980), Table 42.

Figure 3.5
 Estimates of Time Path of Net Increases in
 Percent Time Employed and Earnings Per Week
 1977 Male Corpsmembers Compared to Controls



Source: Charles Mallar, et. al. The Lasting Impacts of Job Corps Participation (Washington, D.C.: Government Printing Office, May 1980), pp. 52-53.

for minimum wage increases over this period, the gain was 65 percent. Adjusting for the increase in average wages in nonagricultural employment, the gain was 60 percent. The percent of time employed rose by 46 percent (from an employment rate of 37 percent a year prior to entry to 54 percent a year after exit), which thus accounted for between 71 and 74 percent of the real gain in annual earnings depending on the cost adjustment used.

Additional evidence is provided by hourly wage change patterns. Among 1976 classroom trainees, those who were working the fourth quarter after termination averaged \$3.70 per hour. The average for those working in the fourth quarter prior to entry was \$3.05. The minimum wage increased by 12 percent over this period (weighted by the varying entry dates into CETA), the hourly wage in private employment rose by 16 percent, and the cost of living 13 percent. If the average wage of participants had risen by these same percentages, the fourth quarter post-termination quarter wages would have averaged \$3.42, \$3.54, and \$3.45, respectively, suggesting real wage gains of only 7 percent, 5 percent, and 7 percent, respectively, compared to the over three-fifths increase in real annualized earnings. 32/

For OJT the situation is even more dramatic. For 1975 participants, the increase in employment from the pre-entry year to the first post-termination year was 45 percent while the increase in real earnings was only 44 percent. From the first to the second post-termination years, as some 1975 OJT participants lost their jobs and others proved themselves and began to advance, real earnings increased by 15 percent, but employment rose only 4 percent, so that earnings rate improvements accounted for 72 percent of the increase. Comparing pre-entry year to second post-termination year real earnings, however, employment gains still accounted for nearly four-fifths of the improvement.

Among 1976 on-the-job trainees, the fourth quarter pre-entry to fourth quarter post-termination gain in employment accounted for 92 percent of the earnings gain adjusted for the rising minimum wages, and 95 percent of the earnings gain adjusted for nonagricultural real wage increases. The hourly wage of OJT participants working in the fourth post-termination quarter was \$3.86 compared to \$3.31 the fourth quarter before entry. The wage would have been \$3.84 if the hourly earnings for trainees had risen the same as the average for private employment, and by even more if the average had risen proportionately with the increase in minimum wages. 33/

Employment rates among nonparticipants also increased over the pre/post period, so that the employment gains of participants may have accounted for a smaller share of their net earnings gains relative to controls than of their pre/post earnings increases. Yet the hourly wage data for participants indicated that, on average, there was very little improvement in real earnings rates. Unless it is assumed that the real average wage for controls would have gone down over the same period (a very unlikely development since controls had more time in the work force, more tenure in the post-program period, and more chance to advance because of seniority), or that the added labor force participants among program terminees earned drastically less than the minimum wage and depressed the post-program average wage and pre/post gain, then it is tautological that the net post-program earnings of participants relative to controls was mostly due to the differential in their employment gains from the pre-program to post-program period.

While for classroom and on-the-job training the factors generating net gains relative to controls must be inferred from absolute pre/post changes for participants, both employment and earnings rates of Job Corps participants and controls were tracked. This evidence supports the inference for OJT and classroom training that the major impact of training is on employment probabilities rather than earnings rates. In the two post-program years, Corpsmembers earned 10.7 percent more than controls (Table 3.6). Over this same period, however, they worked 15.6 percent more hours. The

Table 3.6
Employment and Earnings of 1977 Corpsmembers and Controls
The Two Years After Termination

	Comparison Group	Job Corps Participants	Difference
Fraction of time employed			
0-6 months	.354	.356	+.012
6-12 months	.412	.463	+.051
12-18 months	.471	.549	+.078
18-24 months	.453	.543	+.090
Fraction of time in labor force			
0-6 months	.653	.682	+.029
6-12 months	.682	.716	+.034
12-18 months	.701	.747	+.046
18-24 months	.715	.763	+.048
Average hours worked per week			
0-6 months	13.13	14.46	+1.33
6-12 months	15.84	17.82	+1.98
12-18 months	18.38	21.55	+3.17
18-24 months	17.73	21.39	+3.66
Earnings per week			
0-6 months	\$43.82	\$45.84	+\$2.02
6-12 months	58.38	64.38	+6.00
12-18 months	72.48	82.17	+9.69
18-24 months	73.73	82.76	+9.03
Earnings per hour			
0-6 months	\$3.37	\$3.17	\$-.20
6-12 months	3.69	3.61	-.08
12-18 months	3.94	3.81	-.13
18-24 months	4.16	3.87	-.29

Source: Charles Mallar, et al. The Lasting Impacts of Job Corps Participation (Washington, D.C.: Government Printing Office, May 1980), pp. 45-47.

average hourly earnings over the period were \$3.66 for Corpsmembers but \$3.82 for nonparticipants. The lower earnings rates may have been due to the fact that more of the Corpsmembers worked, including those who could not command a high wage, that Job Corps made others willing to work for lower wages, or that some of the nonparticipants acquired tenure in their jobs and gained in earnings while Corpsmembers were participating. Whatever the explanation, the earnings gains of Corpsmembers relative to controls were totally the result of increased employment rather than increased wages. Furthermore, Corpsmembers did not catch up in wages during the post-termination period. The control group's earnings rate increased by 25 percent over the two years while rising only 22 percent for participants.

For classroom training and Job Corps which serve large numbers of participants who were previously outside the labor force, the employment gains of trainees are the result of increased labor force participation as much as reduced unemployment. For second half 1975 classroom trainees, the decline in the percentage outside of the labor force between the pre-entry and first post-termination years equaled two-thirds of the increase in employment over this period, while the decline in the percentage unemployed equaled just one-third. From the pre-entry to second post-termination years, the decline in the percent time unemployed equaled one-half the increase in employment and the decline in the percent time outside the labor force accounted for the other half. For 1976 classroom trainees, the increased time in the labor force accounted for three-fifths of the gain in employment from the fourth quarter prior to entry to the fourth quarter after termination. The same pattern holds for Job Corps. During the two year follow-up period, 1977 Corpsmembers were employed 48.0 percent of the time compared to 42.3 percent for nonparticipants, and were unemployed 24.7 percent of the time compared to 26.5 percent for controls. The 1.8 percentage point differential in time unemployed thus represented less than a third of the 5.7 percentage point differential in time employed, with the remaining two-thirds reflecting increased participation.

The pattern is somewhat different for OJT. For 1975 on-the-job trainees, the decrease in percent time unemployed equaled two-thirds of the increase in the percent time employed between the pre-entry and first post-termination years. The employment increase from the pre-entry to the second post-termination year was totally explained by the decline in unemployment, since the percentage not in the labor force was marginally higher in the latter period than before entry. Reduced time unemployed accounted for three-fourths of the increase in percent time employed from the fourth quarter pre-entry to the fourth quarter post-termination for fiscal 1976 classroom trainees.

These judgments, based on the averages for all trainees, are confirmed by detailed information on the pre/post changes for individual participants. Among 1975 classroom trainees, 22 percent experienced a decline of 5 percentage points or more in the percent time employed from the pre-entry to second post-termination year. Another 22 percent experienced a change of less than 5 percent in either direction. The remaining 56 percent went up 5 percentage points or more in time employed.^{34/} The increases in percentage time employed for those who had zero employment in the year before entry accounted for nearly three-fourths of the aggregated increases

in percent time employed for all trainees (Table 3.7). One-half of the aggregated increases were accounted for by those individuals who had no earnings before entry but were employed 90 percent or more of the time in the second post-termination year. Persons employed 75 percent or more in the year before entry experienced a net decrease in the percentage of time employed.

Percent Time Employed Pre-Entry Year	Percent of 1975 Classroom Trainees	Percent in Each Category Experiencing Increase to Higher Category	Percent in Each Category Experiencing Decline to Lower Category	Individual Changes Weighted by Percentage Among All Trainees	Contribution of Each Category to Aggregate Increase in Employment*
0	32.3	66.7	--	14.4	73.8
1-24	14.8	72.6	14.5	+6.7	34.4
25-49	15.1	61.3	31.9	+3.4	17.4
50-74	15.5	61.5	32.8	+6	3.1
75-89	9.5	49.3	34.7	-1.0	-5.1
90-99	4.6	41.6	44.4	-6	-3.1
100	8.2	--	49.2	-4.0	-20.5

*Estimated from shift in category; changes may have occurred within category but are not noted. Persons in category assumed to have employment equal to central point in category.

For on-the-job trainees, 17 percent of 1975 participants experienced a decline in percent time employed from the pre-entry to second post-termination year of 5 percent or more, 19 percent stayed roughly the same (neither declining nor increasing by over 5 percentage points), and 64 percent gained substantially (by 5 percentage points or more). While only 19 percent of OJT participants were not employed during the year before entry, their net employment gains accounted for 45 percent of the aggregated gains in employment for all OJT participants from the year before entry to the second year after termination.

In terms of hourly wages, 28 percent of classroom trainees who worked before and after experienced a drop of \$.25 or more per hour from the last pre-entry job to the predominant job in the second post-termination year. Another 17 percent experienced an increase or decrease of no more than \$.25 per hour in either direction, even though a \$.35 per hour increase in the average wage of classroom trainees would have been needed to keep up with inflation.^{35/} Persons with zero earnings in the year prior to entry who subsequently secured jobs accounted for 70 percent of the aggregated dollar wage gains for all classroom trainees (Table 3.8). Excluding the third of enrollees who were previously nonearners, only 38 percent of the classroom trainees had experienced substantial hourly earnings increases (defined as a move upward of two or more wage brackets as identified in Table 3.8) by the second post-termination year, while 18 percent stayed in the same bracket and 25 percent declined. Trainees who had jobs before entry that paid \$2.50 or less per hour accounted for four-fifths of the aggregated wage gains among those previously employed--with most of this undoubtedly reflecting the rise in the minimum wage over this period.

Table 3.7
Changes in Annual Percent Time Employed From Year Prior to Entry to
Second Year After Termination for Second Half Fiscal 1975 Classroom Trainees

		Share of All Trainees with Specific Transition Pattern						
		Percent Time Employed Second Year Post-Termination						
Percent Time Employed Year Prior		0	1-24	25-49	50-74	75-89	90-99	100
0		10.77	4.06	3.80	2.79	.76	1.77	8.37
1-24		2.15	1.90	2.53	1.52	1.27	.89	4.56
25-49		2.53	2.28	1.01	1.14	2.15	1.01	4.94
50-74		1.65	1.77	1.85	.89	1.77	1.14	6.59
75-89		1.27	.38	.63	1.01	1.52	.51	4.18
90-99		.38	.38	.13	.63	.51	.63	1.90
100		1.14	.38	.51	.76	.76	.38	4.18

		Share of Trainees with Specific Pre-Entry Pattern Who Had Designated Post-Termination Pattern						
		Percent Time Employed Second Year Post-Termination						
Percent Time Employed Year Prior		0	1-24	25-49	50-74	75-89	90-99	100
0		33.33	12.55	11.76	8.63	2.35	5.49	25.88
1-24		14.53	12.82	17.09	10.26	8.55	5.98	30.77
25-49		16.81	15.13	6.72	7.56	14.29	8.72	32.77
50-74		10.66	11.48	10.66	5.74	11.48	7.38	42.62
75-89		13.33	4.00	6.67	10.67	16.00	5.33	44.00
90-99		8.33	8.33	2.78	13.89	10.11	13.89	41.67
100		13.85	4.62	6.15	9.23	9.23	6.15	50.77

GJT

		Share of All Trainees with Specific Transition Patterns						
		Percent Time Employed Second Year Post-Termination						
Percent Time Employed Year Prior		0	1-24	25-49	50-74	75-89	90-99	100
0		4.03	2.31	1.73	1.15	.58	.86	8.65
1-24		.58	2.02	.29	1.44	1.73	1.15	4.03
25-49		.86	.86	1.44	.86	1.15	2.31	6.63
50-74		1.44	.58	1.15	2.02	1.44	2.02	14.12
75-89		.58	.29	1.15	.86	1.15	1.44	6.34
90-99		--	--	.58	.58	.58	--	4.32
100		.29	.29	.58	1.44	.86	1.44	9.80

		Share of Trainees with Specific Pre-Entry Pattern Who Had Designated Post-Termination Pattern						
		Percent Time Employed Second Year Post-Termination						
Percent Time Employed Year Prior		0	1-24	25-49	50-74	75-89	90-99	100
0		20.90	11.94	8.96	5.97	2.99	4.48	44.78
1-24		5.13	11.95	2.56	12.82	15.38	10.26	35.90
25-49		6.12	6.12	10.20	6.12	8.16	16.33	46.94
50-74		6.33	2.53	5.06	8.86	6.33	8.86	62.03
75-89		4.88	2.44	9.76	7.32	9.76	12.20	53.66
90-99		--	--	9.52	9.52	9.52	--	71.43
100		1.96	1.96	3.92	9.60	5.88	9.60	66.67

Source: Westat, Inc. CLMS Follow-up Report No. 3 (36 Months After Entry), Experiences in the First Two Postprogram Years, With Pre/Post Comparisons, For Trainees Who Entered CETA During January-June 1975 (Washington, D.C.: Employment and Training Administration, Office of Policy, Evaluation and Research, December 1980), Table 55.

Table 3.8
Earnings in Last Job Prior to Entry and Predominant Employment Second Post-Termination Year

Classroom Trainees
Second Half Fiscal 1975

	Distribution Among Enrollees According to Pre-Entry Wage	Percent in Each Wage Bracket Who Gained 1 Bracket in Income	Percent in Each Wage Bracket Who Gained 2 Brackets or More	Percent in Each Wage Bracket Who Declined 1 Bracket or More	Percent of Aggregated Wage Gains Accounted For by Gains of Individuals in Each Wage Bracket*	Percent of Aggregated Wage Gains For Those With Pre-Entry Job Accounted For by Individuals in Each Wage Bracket*
\$.00	34.2	65.2	62.6	--	70.0	--
\$1.00-\$1.99	9.8	68.2	53.2	24.7	8.6	28.3
\$2.00-\$2.49	20.6	67.7	44.9	16.5	15.9	52.3
\$2.50-\$2.99	13.6	62.4	38.5	18.3	6.9	22.6
\$3.00-\$3.49	9.0	53.5	45.5	23.9	6.3	20.7
\$3.50-\$3.99	4.4	51.4	25.7	22.8	.5	2.0
\$4.00-\$4.99	4.2	33.3	9.1	51.5	-2.3	-7.6
\$5.00-\$5.99	2.3	27.8	--	55.6	-1.5	-4.9
\$6.00+	2.3	--	--	55.6	-4.3	-14.3

On-The-Job Trainees
Second Half Fiscal 1975

	Distribution Among Enrollees According to Pre-Entry Wage	Percent in Each Wage Bracket Who Gained 1 Bracket in Income	Percent in Each Wage Bracket Who Gained 2 Brackets or More	Percent in Each Wage Bracket Who Declined 1 Bracket or More	Percent of Aggregated Wage Gains Accounted For by Gains of Individuals in Each Wage Bracket*	Percent of Aggregated Wage Gains For Those With Pre-Entry Job Accounted For by Individuals in Each Wage Bracket*
\$.00	21.0	79.5	79.1	--	55.8	--
\$1.00-\$1.99	4.0	85.7	64.3	14.2	3.4	7.6
\$2.00-\$2.49	24.5	81.2	56.5	4.7	23.8	53.8
\$2.50-\$2.99	15.0	59.3	51.9	9.6	9.7	21.9
\$3.00-\$3.49	13.0	60.0	42.2	17.7	7.2	16.2
\$3.50-\$3.99	8.1	64.9	39.3	28.6	6.5	14.7
\$4.00-\$4.99	8.9	64.5	6.5	35.5	-4.4	-9.9
\$5.00-\$5.99	2.3	50.0	--	62.5	-1.2	-2.7
\$6.00+	3.2	--	--	54.4	-4.8	-10.9

*Aggregated wage gains are derived by summing the wage changes for all individuals. These are estimated by using the mid-points in each wage category and the two-way matrix of post-termination wage distribution by pre-entry wage category.

Source: Westat, Inc. CLMS Follow-Up Report No. 3 (36 Months After Entry), Experiences in the First Two Postprogram Years With Pre/Post Comparisons, For Trainees Who Entered CEYA During January-June 1975 (Washington, D.C.: Employment and Training Administration, Office of Policy, Evaluation and Research, December 1980), Table 56.

Hourly Earnings Changes
From Year Before Entry to
Second Post-Program Year for
Fiscal 1975 Participants

	Classroom Trainees	On-The-Job Trainees
Percent with no previous earnings who secured employment during the second post-termination year	22.5%	16.7%
Percent with no previous earnings who remained without jobs	11.9	4.3
Percent with previous earnings who moved up one or more brackets*	37.9	51.0
Percent who stayed in same bracket	11.8	18.7
Percent who declined one bracket or more	16.1	13.5

(*Wage brackets as defined in Table 3.8)

Among 1975 on-the-job trainees who worked previously, 29 percent experienced a decline of 5 percent or more in hourly wage from the job prior to entry to the predominant job in the second post-termination year. Another 16 percent changed less than 5 percent in either direction. In other words, nearly half did not keep ahead of inflation. ^{36/} This is roughly the same percentage as for classroom trainees. However, where the wage gains of the zero prior earners accounted for 70 percent of the aggregate wage gains for the classroom trainees, they accounted for only 56 percent of those for on-the-job trainees. Among all OJT participants with prior earnings, half moved up two or more brackets compared to less than two-fifths among classroom trainees with earnings. Trainees who had jobs before entry that paid \$2.50 or less per hour accounted for three-fifths of the aggregated wage gains among all trainees who were previously employed.

The changes in annual earnings for individuals reflect the combined effects of wage rate and employment rate changes. These change patterns further document the importance of increased labor force participation as a factor behind earnings gains. Among all second half 1975 classroom trainees, 22 percent had earnings declines of \$500 or more, comparing the year before entry to the second post-termination year, 18 percent had a change in either direction of less than \$500, and 60 percent went up \$500 or more. The comparable percentages for OJT were 18, 12, and 70 percent, respectively. ^{37/} Classroom trainees with zero earnings in the year prior to entry accounted for 65 percent of the aggregated changes in earnings; while those who earned \$8,000 or more in the year prior to entry had, on average, a loss in earnings. For the OJT participants, the zero earners accounted for a smaller but still substantial share of aggregated earnings gains. ^{38/}

Percent of Aggregated Changes in Earnings Attributed
to Changes for Persons in Different Pre-Entry Earnings Categories

Pre-Entry Year Earnings	Second Half 1975 Classroom Trainees	Second Half 1975 On-The-Job Trainees
\$ 0 -	65.2%	42.2%
\$1-\$999	12.3	16.9
\$1000-\$1999	9.4	12.1
\$2000-\$2999	5.5	12.8
\$3000-\$3999	8.4	14.2
\$4000-\$5999	2.1	5.4
\$6000-\$7999	0.8	-0.4
\$8000-\$9999	-1.9	-3.1
\$10,000 or more	--	--

Among 1976 classroom trainees, only 18 percent worked in both the fourth quarters before and after termination and experienced more than a 10 percent annualized earnings gain (during which time the average wage in nonagricultural employment rose 16 percent and the effective minimum wage by 12 percent) (Table 3.9). The major category of gainers, accounting for 32 percent of all trainees, were those with no earnings prior who subsequently found jobs. The average annualized earnings gains of this group exceeded the aggregated changes for all trainees. The remainder of enrollees stayed the same or lost ground. Among OJT participants, the first group accounted for a more substantial 27 percent of trainees and the second 34 percent. They accounted for two-fifths and nine-tenths, respectively, of the aggregated earnings gains.

It is obvious that individuals with no earnings are most likely to gain simply because they have more room for improvement. Yet the evidence from the CLMS suggests that the groups with the lowest (or no) earnings and employment prior to participation gained relative to like individuals who did not participate, and that their relative gains accounted for much of the net gain of all participants. Among 1976 classroom trainees, 53 percent were classified as low earners (i.e., persons with under \$2,000 earnings in both 1973 and 1974). These individuals, who were predominantly unemployed or outside the labor force before entry, had average 1977 earnings of \$595 above like nonparticipants. Their net gains accounted for 68 percent of the 1977 aggregated earnings gains for all classroom trainees terminating in calendar 1976. Likewise, the low earners, who accounted for 39 percent of on-the-job trainees, gained an average of over \$1,300 compared to similar nonparticipants, accounting for 59 percent of the aggregated earnings gains for all on-the-job trainees. 39/ Among first half 1975 CETA classroom training entrants, those who worked less than half a year earned \$855 above their controls; while those who had worked more than half a year earned \$1025 less than controls. For OJT participants, the gains were \$2574, \$2139 and \$36, respectively. 40/

Table 3.9
Annualized Earnings Change Patterns for 1976 Trainees
From Fourth Quarter Before Entry to Fourth Quarter Post-Termination

Classroom Trainees					
	Percent of Total Trainees	Average Annual Earnings Fourth Quarter Before Entry	Average Annual Earnings Fourth Quarter After Exit	Change	Percent of Total Earnings Gains Attributed to Each Group
Stationary					
Earnings in both quarters which were within 10 percent	3%	\$6400	\$6470	\$ +70	+1%
Zero earnings in both quarters	27	0	0	0	0
Losers					
Earnings post were at least 10 percent below earnings prior	7	8100	4300	-3800	-13.0
Earnings prior but no earnings post	13	4792	0	-4792	-30.5
Gainers					
Earnings post were at least 10 percent above earnings prior	18	4820	9420	+4580	+40.4
Earnings post but no earnings prior	32	0	6572	+6572	+103.1
Total	100	2250	4290	2040	100.0
On-The-Job Trainees					
	Percent of Total Trainees	Average Annual Earnings Fourth Quarter Before Entry	Average Annual Earnings Fourth Quarter After Exit	Change	Percent of Total Earnings Gains Attributed to Each Group
Stationary					
Earnings in both quarters which were within 10 percent	6%	\$7550	\$7470	\$ -80	-.2%
Zero earnings in both quarters	15	0	0	0	0
Losers					
Earnings post were at least 10 percent below earnings prior	10	10090	5880	-4210	-14.8
Earnings prior but no earnings post	8	5650	0	-5650	-15.9
Gainers					
Earnings post were at least 10 percent above earnings prior	27	4800	9370	+4570	+43.4
Earnings post but no earnings prior	34	0	7305	+7305	+87.5
Total	100	3210	6050	+2840	100.0

Source: Westat, Inc. Postprogram Experiences and Pre/Post Comparisons for Trainees Who Entered CETA During Fiscal Year 1976 (July 1975-June 1976) (Washington, D.C.: Employment and Training Administration, Office of Policy, Evaluation and Research, March 1979), Tables 69-72.

SECTION 3. INSTRUMENTAL FACTORS

Identifying the key factors which produce these employment and earnings changes is crucial both to improve the design and targeting of training efforts, and to understand the implications of the post-program earnings gains realized by trainees. Job Corps, local classroom training, and on-the-job training have several distinct elements which combine to yield measured outcomes. Occupational training which seeks to improve vocational skills is basic to all these activities, but they also include remedial education elements as well as activities to improve career awareness, motivation, appearance, dependability, confidence, and other dimensions of job seeking and job holding skills. Another largely un-noticed element is sorting, which occurs under training programs in initial selection from the universe of need, in making assignments to different components, in setting and maintaining standards for completion, and in placing trainees subsequently. In some cases, credentialing may be involved, with participants receiving degrees or other certifications which document their achievements and help them to compete in the labor market. There may be varying degrees of job access. At one extreme, completers of institutional training may be simply left to find their own jobs, while at the other extreme, the employer reimbursement under OJT may be used to buy jobs for participants.

There is, presumably, an optimum mix of these elements, both on average and in different settings. One or the other of these factors may be given too much or too little attention, or may be inadequately designed and delivered. For instance, more placement (job access) might be necessary where credentials provided by training are not recognized in the labor market. Improvements in either placement or credentialing might improve employment probabilities in training-related jobs. Longer training might result in greater sorting because fewer can make it through the obstacle course, but longer training might also provide the time to achieve certifiable skills. Greater improvements in employability skills may be required in some cases to assure that occupational skills will be applied or recognized. To determine such tradeoffs, it is important to determine the interrelationships between these elements in producing the changes documented for Job Corps, classroom and on-the-job training.

As the benefit-cost analysis of OJT so vividly illustrates, the significance of the earnings gains produced by training is also dependent on the assumptions about causal factors. If, for instance, the impacts of OJT resulted from placement of highly-sorted individuals into OJT assignments similar to their previous work, then the reimbursement to the employer would be a windfall, buying jobs for participants at the expense of like nonparticipants; in this case, the net benefits to society would be much less than the earnings gains of participants and the relative payoff of OJT would be less than suggested by the relative success of its participants. Thus, the instrumental factors must be considered to give meaning to impact estimates.

It is difficult enough to isolate the employment and earnings changes produced by training programs; untangling the causal factors is even more

challenging. While it is possible to get only a very general sense of the relative importance of these factors, on average, for Job Corps, OJT, and classroom training, these crude judgments are important in making policy decisions and in weighing the impact findings.

Training and Occupational Mobility

Training results in modest occupational advancement, predominantly for those beginning at the lowest rungs of the occupational ladder who move to occupations which are more stable albeit not much better paying nor exciting career prospects. Among fiscal 1976 classroom occupational trainees with prior work experience, 19 percent were garage workers, transportation operatives, laborers, farm workers, or private household workers in their longest pre-CETA jobs (Table 3.10). One in ten worked in these occupations in their longest post-CETA job. Conversely, 20 percent of entrants worked in clerical occupations previously, but the proportion increased to 27 percent of post-program jobs. Craftsmen and welders rose from 11 percent to 17 percent.

Despite these changes, training did not always achieve its objectives: Less than 2 percent of occupational classroom trainees with prior work experience were trained for low level jobs as garage workers, laborers, household workers, or transportation operatives, even though 10 percent ended up in such work. Conversely, 36 percent were trained as clericals but only 27 percent of post-program employment was in clerical occupations; 34 percent were trained as craftsmen and welders even though only half this percentage ended up in these occupations.

Occupational progress was even more limited for on-the-job trainees. Among trainees with prior job experience, 13 percent worked previously as farm and nonfarm laborers, transportation operatives, garage attendants, and private household workers; but 15 percent worked in those low level occupations in their longest jobs after termination. The proportion in clerical jobs did not increase at all, while the proportion in craft and welding jobs rose only slightly. The reason there was so little change is simple: The aggregate distribution of OJT assignments was very similar to the occupational distribution of prior work experiences. The only exception was that just 6 percent of OJT assignments were as laborers and farm workers compared to 18 percent of prior jobs; correspondingly, 21 percent of trainees previously worked in nonconstruction crafts or as nontransportation operatives, but 27 percent of assignments were in these fields.

These aggregate patterns result from upward mobility for some individuals, no change for many and apparent declines for others. Three of ten 1976 classroom trainees were trained in the same broad occupational categories as their previous work experiences (Table 3.11). Among participants whose previous jobs were professional or managerial, 37 percent were assigned to clerical training, 16 percent to craft jobs and 23 percent to service jobs. In contrast, for females with clerical experience, 66 percent were trained as clericals; while among entrants who had previously worked in construction crafts, 57 percent were trained in welding, construction or other crafts. The upward mobility occurred primarily for

Table 3.10
Occupational Mobility for Fiscal 1976 Trainees

	Classroom Trainees		
	Longest Job Before Entering For Those Who Had Worked	First Occupation of Training in CETA For Those With Prior Jobs	Longest Post- CETA Job
Professional	4.4	6.8	6.8
Manager	2.9	.3	4.1
Clerical (traditionally female)	16.9	35.5	24.9
Clerical (traditionally male)	3.3	.5	2.1
Construction crafts	4.2	4.8	7.0
Other crafts	5.4	19.0	5.1
Welders	1.3	10.5	4.7
Assemblers	3.1	1.1	2.8
Nontransportation operatives	13.9	3.8	11.7
Transportation operatives	4.8	1.6	3.2
Garage workers	1.5	--	.4
Laborers	10.6	.4	5.8
Farm workers	1.2	--	.3
Service workers	25.5	15.8	20.9
Private household workers	.8	--	.2

	On-the-Job Trainees		
	Longest Job Before Entering For Those Who Had Worked	First Occupation of Employment in CETA For Those With Prior Jobs	Longest Post- CETA Job
Professional	4.3	4.8	6.1
Manager	4.7	3.6	5.7
Clerical (traditionally female)	17.6	16.4	16.8
Clerical (traditionally male)	1.9	2.5	2.9
Construction crafts	7.6	6.1	4.7
Other crafts	7.0	16.0	16.2
Welders	2.7	2.6	3.3
Assemblers	2.3	2.8	2.8
Nontransportation operatives	14.0	21.2	16.5
Transportation operatives	6.9	5.4	7.1
Garage workers	1.4	1.2	.2
Laborers	14.3	6.1	6.1
Farm workers	3.1	.3	1.0
Service workers	11.0	10.7	10.5
Private household workers	.6	.2	.2

Source: Westat, Inc. Continuous Longitudinal Manpower Survey, Fiscal 1976
Entrants, unpublished tabulations.

Table 3.11
Relationship of Training Assignments to Occupation of Longest
Jobs Before and After Training, Fiscal 1976 Classroom Trainees

OCCUPATIONAL TRAINING ASSIGNMENTS FOR PARTICIPANTS WITH DIFFERENT OCCUPATIONAL BACKGROUNDS

Occupation of Longest Pre-Entry Job	Occupation of Training									
	Professional/manager	Clerical (female)	Clerical (male)	Construction	Welder	Other crafts	Transportation operatives	Assembly/operatives	Service workers	Laborsers/garage workers
Professional/manager	18.5	37.4	--	2.5	5.8	6.1	1.9	3.3	22.6	--
Clerical (traditionally female)	4.3	66.3	--	2.7	1.4	1.1	2.3	2.6	19.3	--
Clerical (traditionally male)	8.6	30.7	--	7.0	5.8	41.2	--	--	6.7	--
Construction crafts	10.3	11.3	--	17.9	15.6	23.0	6.3	5.3	10.2	--
Welder	--	--	--	19.3	64.0	--	16.7	--	--	--
Other crafts	7.2	2.6	3.2	1.9	26.1	52.4	--	4.6	--	--
Transportation operatives	3.8	--	--	11.8	30.8	27.8	3.6	17.9	--	4.4
Assembly operatives	5.1	37.8	.9	2.7	4.1	27.0	--	6.2	15.8	--
Service workers	5.7	45.1	.8	2.4	7.4	11.3	--	3.2	23.7	--
Laborsers/garage workers	12.2	7.6	--	9.9	3.7	33.2	3.7	3.7	27.4	--
Farm workers	--	29.9	--	12.0	--	31.9	--	12.0	14.2	--
Private household workers	--	21.8	--	--	--	20.9	--	--	57.2	--
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

OCCUPATIONAL BACKGROUNDS FOR PARTICIPANTS IN DIFFERENT OCCUPATIONS OF TRAINING

Occupation of Longest Pre-Entry Job	Occupation of Training									
	Professional/manager	Clerical (female)	Clerical (male)	Construction	Welder	Other crafts	Transportation operatives	Assembly/operatives	Service workers	Laborsers/garage workers
Professional/manager	18.9	7.7	--	3.8	4.0	3.1	8.8	5.4	10.5	--
Clerical (traditionally female)	10.1	31.7	--	9.5	2.2	1.0	24.8	10.1	20.8	--
Clerical (traditionally male)	3.9	2.7	--	4.8	1.7	6.8	--	--	1.3	--
Construction crafts	5.3	1.3	--	14.6	5.8	4.7	15.9	4.8	2.5	--
Welder	--	--	--	4.9	7.4	--	13.1	--	--	--
Other crafts	5.4	.4	32.7	4.4	13.4	14.8	--	5.6	--	--
Transportation operatives	2.1	--	--	9.9	11.8	5.9	9.2	16.4	--	47.3
Assembly operatives	12.1	18.1	27.9	9.5	6.6	24.0	--	25.8	17.6	--
Service workers	21.3	33.9	39.1	11.1	10.6	15.7	--	19.5	40.1	62.7
Laborsers/garage workers	20.4	2.6	--	24.5	28.4	20.8	28.2	9.9	3.5	--
Farm workers	--	1.1	--	3.1	--	2.1	--	3.4	1.1	--
Private household workers	--	.5	--	--	--	1.0	--	--	3.2	--
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

OCCUPATION OF POST-PROGRAM EMPLOYMENT BY OCCUPATION OF TRAINING

Occupation of First CITA Training	Occupation of Longest Post-Training Employment									
	Professional/manager	Clerical (female)	Clerical (male)	Construction	Welder	Other crafts	Transportation operatives	Assembly/operatives	Service workers	Laborsers/garage workers
Professional/manager	24.0	19.8	1.8	3.5	2.4	8.5	4.8	7.2	9.8	6.9
Clerical (traditionally female)	9.5	57.6	2.8	1.9	.2	1.6	.9	10.3	13.3	23.4
Clerical (traditionally male)	--	--	39.3	--	--	--	32.7	28.0	--	--
Construction crafts	10.8	2.3	3.6	37.9	--	13.9	3.1	8.1	2.9	19.3
Welder	9.8	--	1.2	8.1	33.7	6.3	8.0	13.6	9.5	10.0
Other crafts	10.5	2.7	--	2.8	21.1	24.3	5.3	19.6	12.6	14.8
Transportation operatives	--	--	--	--	10.8	10.7	55.2	--	--	23.3
Assembly operatives	2.7	2.2	--	2.6	--	9.6	2.5	35.2	6.6	15.7
Service workers	9.7	4.7	.5	2.0	--	--	.9	15.2	61.8	1.6
Laborsers/garage workers	33.3	--	14.5	--	--	13.3	--	22.5	--	--
Farm workers	--	--	--	--	--	--	--	--	--	18.4
Private household workers	--	--	--	--	--	--	--	--	--	--
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Westat, Inc. Continuous Longitudinal Manpower Survey, Fiscal 1976 Entrants, unpublished tabulations.

those who were laborers or service workers. Nearly half of laborers and farm workers were trained in the crafts or welding while 45 percent of previous service workers were trained as clericals.

Less than half of 1976 classroom trainees who had post-program employment experience worked in the same broad occupational classification as their training. The correspondence was high for those trained in female clerical occupations, as transportation operatives, and as service workers; three-fourths of such trainees remained in the same broad category. The correspondence was low for professional and nonconstruction craft training, where only a third of trainees remained in the same broad occupational category.

For 35 percent of on-the-job trainees with prior work experience, OJT assignments were in the same broad occupational categories as their longest previous employment (Table 3.12). At the lower levels of the occupational hierarchy, the correspondence between prior work and the training assignment was much greater than for classroom training. For instance, 47 percent of persons who previously worked as nontransportation operatives or as assemblers were placed in similar assignments under OJT, whereas only 7 percent of classroom trainees with this type of prior work experience were placed in the same category. Among OJT participants who were previously laborers, 19 percent were placed in assignments which "trained" them as laborers.

Only half of the OJT participants who subsequently worked had their longest post-program job in the same occupation as their OJT assignment. As with classroom training, correspondence was high in female clerical occupations; two-thirds placed in clerical OJT assignments who subsequently worked were in clerical positions. Among trainees in construction crafts, welding and other crafts, three-fifths of the subsequently employed had longest jobs in the same occupational category, a much higher transition rate than for classroom trainees in these same occupations. Those trained for the top and the bottom of the occupational distribution, i.e., professional trainees and individuals assigned to "training" as farm and nonfarm laborers, were least likely to transition into the same occupations.

Job Corps is basically a labor market entry mechanism. Few enrollees have held regular full-time jobs for any length of time. Vocational training is an integral part of a comprehensive treatment which seeks to improve general employability and not necessarily to prepare for a specific career. Corpsmembers are young and extremely disadvantaged, and, therefore, both highly volatile in career aspirations and difficult to place in many occupations. Furthermore, less than a third of entrants stay long enough to fully complete vocational training. According to 1978 Job Corps placement records, less than half of these completers subsequently found jobs in the same occupation. In other words, only one in seven Corpsmembers ended up as a completer with a training-related job (Table 3.13). The placement rate for male completers was higher than that for female completers, and even though the females who were placed tended to more frequently get jobs in the vocation for which they were trained, the percentage of females ending up in training-related jobs was smaller than for males. Males earned more than females, but women trained in tra-

Table 3.12
Relationship of Training Assignments to Occupation of Longest Jobs
Before and After Training, Fiscal 1976 On-The-Job Trainees

(DJT ASSIGNMENTS FOR PARTICIPANTS WITH DIFFERENT OCCUPATIONAL BACKGROUNDS)

Occupation of Longest Pre-CRRA Job	Occupation of Assignment												
	Professional/manager	Clerical (female)	Clerical (male)	Construction	Holder	Other crafts	Transportation operatives	Assembly/operatives	Service workers	Laborers/garage workers	Farm workers	Private household workers	Total
Professional/manager	32.2	17.5	1.6	4.6	13.3	12.7	13.2	2.7	--	--	--	--	100.0
Clerical (traditionally female)	8.1	54.1	2.9	1.7	--	8.1	3.6	6.1	9.6	5.9	--	--	100.0
Clerical (traditionally male)	--	--	--	13.0	--	29.6	42.0	15.4	--	--	--	--	100.0
Construction/crafts	19.2	6.4	--	21.7	7.4	25.1	--	16.4	3.7	--	--	--	100.0
Holder	10.6	--	--	--	25.3	--	19.0	13.5	30.9	--	--	--	100.0
Other crafts	--	4.2	3.1	8.0	--	38.3	7.9	23.8	9.7	4.1	--	--	100.0
Transportation operatives	4.5	6.6	3.9	3.4	--	10.9	15.9	33.9	7.9	13.2	--	--	100.0
Assembly operatives	1.2	6.9	3.4	4.4	3.9	16.6	3.7	46.6	2.6	10.7	--	--	100.0
Service workers	9.0	15.4	3.1	6.5	--	10.4	--	26.4	25.2	4.1	--	--	100.0
Laborers/garage workers	6.1	9.9	5.2	10.7	--	21.0	11.3	25.8	8.8	19.3	2.6	--	100.0
Farm workers	--	--	--	--	--	27.6	--	28.8	28.7	--	--	5.5	100.0
Private household workers	--	--	--	--	9.3	--	--	70.3	--	--	--	29.7	100.0

OCCUPATION OF POST-PROGRAM EMPLOYMENT BY OJT ASSIGNMENT

[illegible]

Source: Westat, Inc. Continuous Longitudinal Manpower Survey, Fiscal 1976 Entrants, unpublished tabulations.

Table 3.13
Completion and Placement Rates by Occupation for 1977 Job Corps Enrollees

All Enrollees						
	Percent of Completers	Completion Rate	Percent Completers Placed	Percent Completers Placed in Training- Related Jobs	Wage Where Job Training Match	Average Hourly Wage All Placements, i.e., Completers and Noncompleters
Sub-professional	1.3	41.3	48.3	19.3	3.19	2.70
Clerical and sales	14.4	35.3	58.2	39.6	3.21	2.80
Service occupations	6.4	32.4	62.0	31.3	2.81	2.55
Forestry, farming and gardening	1.9	50.2	72.2	43.1	3.31	2.52
Food service	10.9	38.5	61.4	38.0	--	2.49
Automotive and machine repair	11.6	29.0	63.8	31.0	2.89	2.88
Construction trades	27.2	36.7	70.2	46.2	4.02	3.52
Electric/appliance repair	1.5	38.2	68.9	23.0	2.71	2.95
Industrial production	12.5	41.4	67.2	42.4	3.48	3.03
Transportation	0.8	31.5	66.7	33.3	3.16	2.82
Health occupations	11.1	42.7	57.1	39.5	2.59	2.58
Total	100.0	36.7	64.1	39.4	3.40	2.78

Males and Females

	Percent of Completers		Completion Rate		Percent Completers Placed		Percent Completers Placed in Training- Related Jobs		Wage Where Job Training Match	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Sub-professional	1.0	2.0	62.5	29.1	53.8	41.5	22.5	15.4	3.95	2.91
Clerical and sales	3.9	40.2	38.0	34.7	67.5	55.9	47.0	37.8	3.99	2.98
Service occupations	8.1	2.3	31.9	37.4	63.1	53.2	32.2	23.4	2.84	2.47
Forestry, farming and gardening	2.2	1.0	49.3	56.1	71.7	75.0	42.9	43.8	3.28	3.45
Food service	12.3	7.6	40.0	33.5	64.0	51.0	38.8	34.7	N.A.	--
Automotive and machine repair	15.9	1.0	29.1	27.6	64.3	43.8	31.4	15.6	2.88	3.67
Construction trades	37.4	2.1	37.1	24.4	70.2	63.8	46.4	37.7	4.01	4.81
Electric/appliance repair	2.0	--	39.3	20.8	68.9	40.0	23.0	--	2.71	--
Industrial production	14.8	6.9	41.8	39.2	69.7	53.7	45.3	27.3	3.52	3.17
Transportation	0.8	0.9	28.6	40.8	70.3	58.6	32.8	34.5	3.38	2.69
Health occupations	1.3	35.3	42.4	42.7	61.2	56.8	43.7	39.1	2.81	2.57
Total	100.0	100.0	36.5	37.3	67.5	55.6	40.7	36.3	3.57	2.92

Source: Joseph Hines and Brian Linder, "Job Corps Vocational Offerings: An Analysis of Performance Indicators by Training Area and Center Performance," Assessments of Job Corps Performance and Impacts, Volume II (Washington, D.C.: Government Printing Office, May 1980), pp. 1-245.

ditionally male occupations did better than their male counterparts. The converse was also true; males trained in traditionally female occupations did well relatively and absolutely. However, sex stereotyping was the rule rather than the exception. Seven of ten females who completed were trained in clerical or health occupations, while two-fifths of male completers were trained in construction and forestry.

The "best bets" for these young people, as judged by a composite of completion rates, placement rates, job/training match probabilities and wages in training-related jobs, were the manual occupations--forestry, farming and gardening, construction trades, and industrial production (Table 3.14). Clerical, sales and health training were the next best bets. Training for subprofessional jobs, service occupations, automotive and appliance repair, were less effective as judged by these measures. These aggregate data do not tell the whole story, however, since training assignments are made, in part, on the basis of ability and prior experience. For instance, persons in need of intensive remediation are usually placed in food service, though they may subsequently receive other training if they remain in centers. Adjusting for some of the differences in participants in the various clusters, and looking at the employment and earnings experience two years post-program, the attractions of the manual occupations dimmed, while transportation, clerical, and sales jobs increased in relative payoff.

The conclusion to be drawn from this potpourri of evidence is that CETA training produces earnings gains without achieving substantial occupational mobility for more than a small minority of participants. The occupational upgrading which occurs in classroom training is mostly from laboring and service jobs into craft and clerical work. On-the-job training transforms some laborers into operatives and nonconstruction craftsmen. "Quantum leaps" into new careers are achieved by few.

Sorting, Certifying, Training and Placing

Longer classroom training has greater earnings impacts. The 1978 gain for 1976 classroom trainees who stayed in CETA over 40 weeks was more than six times the gain for those who stayed 11 to 20 weeks (Figure 3.6). The payoff of longer training was evident among all subgroups of trainees, but particularly so for females. 41/

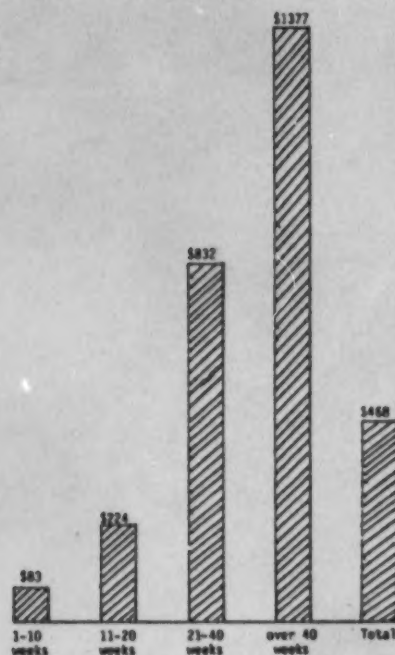
Table 3.14
Comparative Outcomes for Various Job Corps Training Occupations

1978 Placement Data						Follow-Up of 1977 Participants			
Comparative Ranking on Four Variables: Percent Completers, Percent Placed, Percent Placed in Training Related Jobs, and Wage When Placed in Such Jobs			Comparative Ranking on Wage in Job Training Match	Comparative Ranking on Training Related Placement	Comparative Ranking For Males Two Years Post-Termination		Comparative Ranking For Females Without Children Two Years Post-Termination		
Male	Female	Total			Based on Employment Rates	Based on Weekly Earnings	Based on Employment Rates	Based on Weekly Earnings	
Sub-professional	10	10	9	11	5	11	7	--	--
Clerical and sales	4	5	4	4	4	7	2	1	2
Service occupations	13	8	10	8	8	10	6	--	--
Forestry, farming and gardening	1	1	1	2	3	6	11	--	--
Food service	6	7	6	6	11	9	9	2	4
Automotive and machine repair	8	9	11	9	7	3	4	--	--
Electric appliance repair	8	11	7	10	9	5	8	--	--
Construction trades	1	3	2	1	1	8	5	3	1
Industrial production	1	6	2	3	2	4	3	5	5
Transportation	7	4	7	7	6	1	1	--	--
Health occupations	5	2	4	5	10	2	10	4	3

Source: Joseph Hines and Brian Linder, "Job Corps Vocational Offerings: An Analysis of Performance Indicators by Training Area and Center Performance," Assessments of Job Corps Performance and Impact, Volume II (Washington, D.C.: Government Printing Office, May 1980); and Charles Haller et. al. The Lasting Impacts of Job Corps Participation (Washington, D.C.: Government Printing Office, May 1980), pp. 175-177.

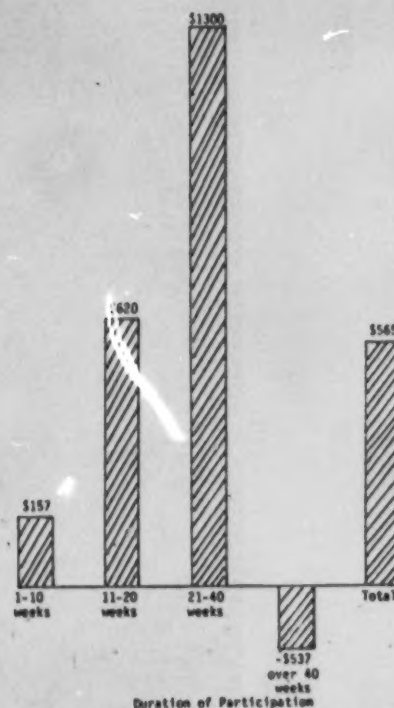
Figure 3.6
Earnings Impacts and Length of Training for Fiscal 1976 CETA Enrollees

1978 Annual Earnings Differential of
Classroom Trainees vs. Controls
(All Fiscal 1976 New Enrollees)



Duration of Participation

1978 Annual Earnings Differential of On-The-Job
Trainees vs. Controls
(Fiscal 1976 New Enrollees)



Duration of Participation

Source: Westat, Inc. Supplement Number 1 to Net Impact Report No. 1, Impact on 1978 Earnings of New FY 1974 CETA Enrollees in Selected Program Activities (Washington, D.C.: Employment and Training Administration, Office of Policy, Evaluation and Research, February 1981).

Net Impacts in 1977
for Fiscal 1976 Classroom
Trainees Who Terminated
in Calendar 1976

Difference Between
Earnings Impact
of 1-10 Weeks of Training
and Longer Duration Training

White males		
1-10 weeks	\$ -95	--
11-20 weeks	+522	+\$617
21-40 weeks	+746	+814
41+ weeks	+722	+817
Minority males		
1-10 weeks	+261	--
11-20 weeks	-35	-296
21-40 weeks	+209	-52
41+ weeks	+1607	+1409
White females		
1-10 weeks	-110	--
11-20 weeks	+325	+435
21-40 weeks	+818	+928
41+ weeks	+2259	+2369
Minority females		
1-10 weeks	+118	--
11-20 weeks	+543	+425
21-40 weeks	+628	+510
41+ weeks	+1540	+1422

Less dependable estimates of 1977 earnings impacts for first half 1975 classroom trainees also suggest that long training pays off, but somewhat less substantially than for 1976 trainees and with most of this effect concentrated among individuals who were previously high earners: 42/

Estimated 1977 Earnings
Differential Relative to
Controls for First Half
1975 Participants

Length of Classroom Training	Low Earners	High Earners	Total
Less than 11 weeks	\$220	\$-184	\$ 31
11-20 weeks	108	-120	-17
21-40 weeks	386	345	366
Over 40 weeks	246	431	331

The earnings impacts of on-the-job training increase with length of participation up to a certain point, then decline precipitously. Successful OJT ends when the participant is considered ready and is hired. Those staying longest may be individuals who are not working out or are hardest to train, and are therefore less likely to be employed on termination. On the other hand, those with short duration participation include individuals

who are not able to perform, those who can find better jobs, and some who are so good they are immediately hired by the employer.

Length of stay has always been a key factor in Job Corps. Among 1977 entrants, two-fifths dropped out within 90 days, another 30 percent stayed longer but did not complete their vocational training assignment; only 30 percent were full program completers. During the 12-18 months period after termination, the annualized earnings per week of male completers were \$1290 above those of their controls, while those of partial completers were \$65 less. The percent of time employed was higher by 16 percent among male completers but only 4 percent for partial completers. The earnings gains of male completers accounted for six-sevenths of the aggregated earnings impacts accruing to male participants during the first two post-program years. Among females without children, completers had annualized earnings \$1580 above controls compared to the partial completers who earned \$760 more. Female completers accounted for three-fifths of the earnings gains for all female participants. Thus, completion, as well as longer duration of stay, seemed to be a key factor in the aggregate Job Corps impacts. 43/

Differences Between Job Corps Terminees and Controls,
12 to 18 Months After Termination, by Completion Status

<u>Fraction of time employed</u>			
Male dropouts	+0.047	Female dropouts	+0.054
Male partial completers	+0.044	Female partial completers	+0.081
Male completers	+0.155	Female completers	+0.176
<u>Earnings per week</u>			
Male dropouts	+\$3.92	Female dropouts	+\$5.92
Male partial completers	-1.25	Female partial completers	+14.63
Male completers	+24.79	Female completers	+30.36
<u>Probability in military during survey week</u>			
Male dropouts	+0.032	Female dropouts	-.005
Male partial completers	+0.058	Female partial completers	-.003
Male completers	+0.087	Female completers	+0.011
<u>Probability of having high school diploma or GED</u>			
Male dropouts	+0.049	Female dropouts	+0.525
Male partial completers	+0.143	Female partial completers	+0.392
Male completers	+0.399	Female completers	+0.683

The disproportionately greater payoff of longer institutional training in Job Corps or local classroom programs might result from several factors:

First, the training activity might improve skills and abilities in proportion to the length of stay. If such skills are accepted and utilized in the labor market not as a continuum but at certain benchmark levels such as a GED or ability to type 60 words per minute, longer training would be associated with more than proportionately greater gains in post-program employment and earnings.

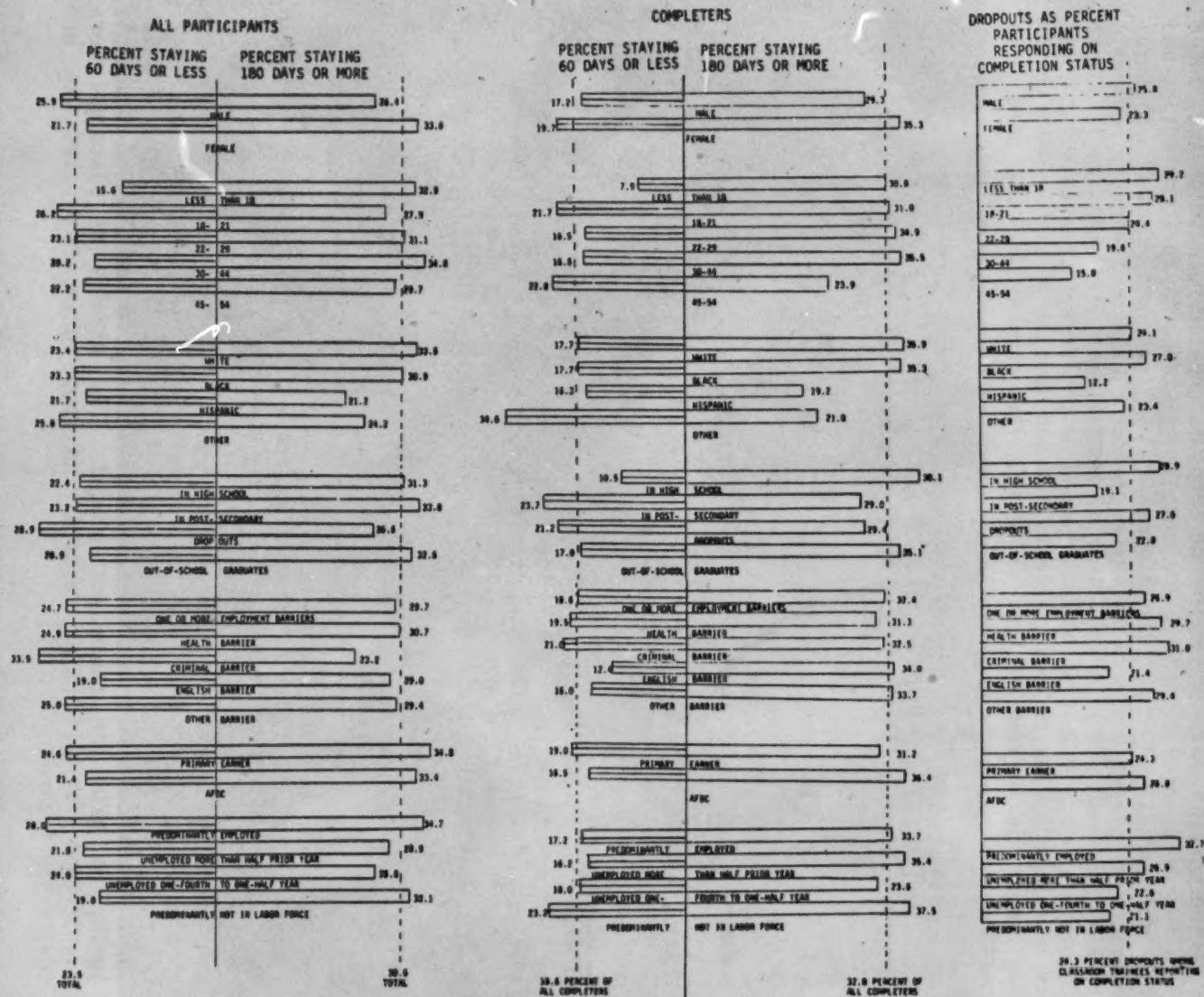
Second, the training activity might serve as a mechanism for sorting the "winners" from the "losers." Even though the previously-cited CLMS and Job Corps impact estimates compare like people as matched by control variables, participants with the same demographic characteristics and backgrounds might be different in their ability to perform in training. Those succeeding and staying longer might be the ones most likely to succeed in subsequent jobs.

Third, longer stay may lead to a higher probability of placement because those who are sorted and credentialed are easier to place, or simply because the delivery agent has more time to find a suitable job or to develop a commitment to the participant.

These factors are interrelated, but it is possible to get some sense of their relative importance. There is no doubt that training is an obstacle course, that longer training is more demanding, and that the more able are more likely to be assigned to the longer courses in recognition of their greater chances of completion. Nevertheless, the degree of in-program sorting under local classroom training appears modest, according to evidence for 1977 training participants. Youths, blacks, high school dropouts, and persons with employment barriers were somewhat more likely than other more employable subgroups among participants to drop out of training before completion (Figure 3.7). When the characteristics of 1977 dropouts and completers are weighted according to the post-program earnings increases related to these characteristics (as estimated from regression equations for all second-half 1975 CETA participants), the projected earnings of the dropouts were 89.0 percent of the mean for all nonsummer CETA participants while the projected earnings of completers are 91.4 percent. ^{44/} It is important to stress, however, that three-fifths of the short-stayers who report on completion status are self-described completers not dropouts. Prime working age participants, whites, high school graduates, and persons who were previously not in the labor force were more likely to be assigned to long duration training as indicated by the duration-of-stay distribution among self-reported completers. These differences in duration of planned training and in probabilities of completion combined to determine length of stay. Trainees who were in their prime working years, whites, high school graduates, post-secondary students, primary earners, and persons who were predominantly employed before entry into CETA had longer duration of stay.

While sorting is evident, the end result is hardly an explanation for the massive gain differentials between long stayers and short stayers. The CLMS-CPS impact estimates control for most of the key variables in the employability equation, so that the long stayers, while somewhat different in identifiable characteristics from early leavers, are matched with and compared to individuals with similar characteristics who do not participate. The CLMS-CPS matching variables may not pick up all the effects of sorting. Yet if additional factors were a major element in explaining the substantial gains for long stayers relative to early leavers, negative earnings impacts would be expected for short stayers relative to their controls; i.e., if the "losers" according to characteristics not considered in the CPS-CLMS matching were concentrated among the early leavers as a result of program sorting, they would do worse off in the post-program period than their controls selected according to the matching variables.

Figure 3.7
Distribution of 1977 Classroom Trainees by Duration of Stay and Completion



The annual earnings of short-duration stayers (1-10 weeks) in classroom training (among all trainees who left during calendar 1976) were only \$3 below those of controls in 1977 and \$110 above in 1978. In no way, then, does sorting explain the estimated \$1589 earnings gain in 1977 of classroom trainees staying over 40 weeks. 45/

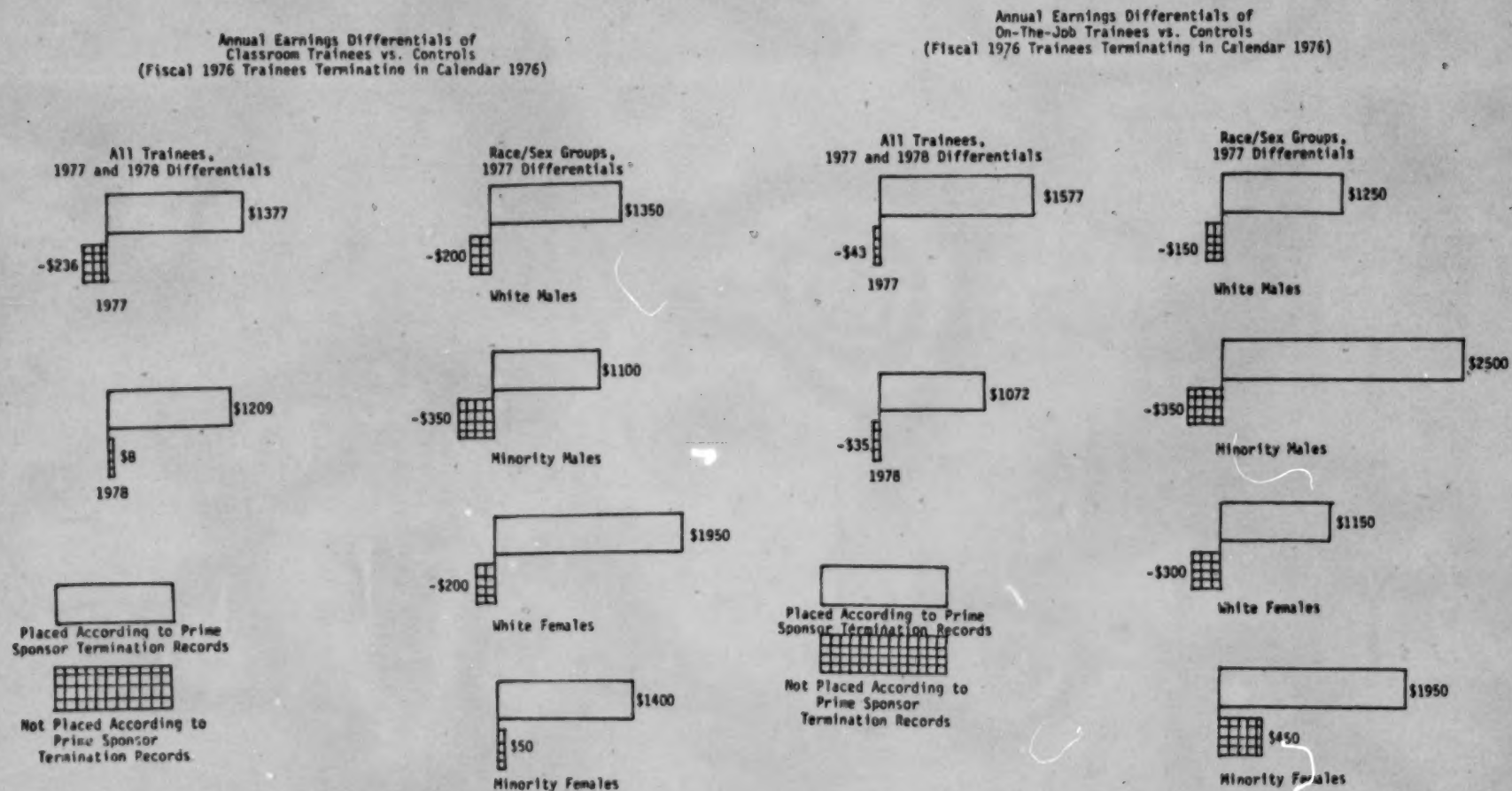
The sorting which occurs in Job Corps is greater because of the longer duration of planned training, the competency standards for completion, and the residential nature of the program. Less than one in three Job Corps entrants completes compared to three of four classroom trainees. Entrants in 1977 who had a high school diploma were almost half again as likely to complete as high school dropouts. Having no children increased the chances by a fifth; having previous arrests reduced them by a tenth, while prior employment in a regular job increased the chances by the same proportion. 46/

Again, however, the regression analysis used to estimate net impacts for completers, partial completers and dropouts compared them to like persons and thus considered most of the measurable differences resulting from the differing completion probabilities. The matching variables may not have captured all the differences between participants who completed and those who dropped out, yet if the substantial gains of completers were to be explained by the sorting which was not controlled by matching variables in regression equations, then early dropouts should have performed far worse than their controls during the post-program period. Excluding the first quarter transition period, dropouts had earnings above their controls. During the 12 to 18 month follow-up period, the annualized gains of male and female dropouts were \$200 and \$300, respectively, perhaps reflecting that the control variables did not fully capture the motivation and energy which led to enrollment in the first case, perhaps because some of the early leavers were go-getters who left Job Corps because it did not meet expectations, or perhaps because some dropouts benefited from the experience or a few got placement help; certainly, however, this does not suggest a degree of in-program sorting (over and above that captured by the regression techniques) which would explain the four and five times larger gains for completers.

If sorting occurs in classroom training and Job Corps but is not a major explanative factor in the estimated gains from longer duration of stay, this suggests that either credentials and skills improvements accrue and pay off disproportionately with length of stay, or else placement chances increase because of greater ease in placing long stayers or because of greater placement efforts on their behalf. Placement is, without question, a key factor. The benefits of training accrue chiefly to those who enter employment at termination. Those 1976 classroom trainees who were placed according to prime sponsor records earned \$1400 more than their controls in 1977, compared to zero gain for individuals not placed (Figure 3.8). Among on-the-job trainees, the gain was \$1600 for those placed with, again, no gain for those not placed. The payoffs of placement were significant for all major race/sex subgroups among both classroom and on-the-job trainees.

It is not surprising that those who were placed had more employment and earnings immediately after termination. Yet the placement effect was

Figure 3.8
Placement at Termination as a Determinant of Post-Program Earnings Gains



Source: Westat, Inc. Impact on 1977 Earnings of New FY 1976 CETA Enrollees in Selected Program Activities (Washington, D.C.: Employment and Training Administration, Office of Policy, Evaluation and Research, December 1980); Westat, Inc. Supplement Number 1 to Net Impact Report No. 1, Impact on 1978 Earnings of New FY 1976 CETA Enrollees in Selected Program Activities (Washington, D.C.: Employment and Training Administration, Office of Policy, Evaluation and Research, February 1981).

not just a transitional one. Participants placed at termination from classroom training and OJT had earnings \$1100 and \$1200, respectively, greater than their controls in the second post-program year. There is further evidence to suggest that the payoffs of longer training were not primarily the result of greater initial employment resulting from placement. For one thing, the employment gap between short stayers and long stayers increased over time, the opposite of what would be expected if placement were the sole factor in the payoff of longer stay. For instance, among 1975 trainees with less than 60 days stay, the percent of time employed rose from 44 percent during the quarter after exit to 50 percent during the first post-termination year and 55 percent during the second post-program year. In contrast, the employment rates for trainees with more than half a year of participation increased from 42 percent to 57 percent and 66 percent, respectively. In other words, the employment rate differential between early leavers and long stayers increased from nothing in the first quarter to 7 percentage points in the first year, and then to 11 percentage points in the second. ^{47/} The jobs secured through placement may have been more stable or the long stayers more successful in their initial employment, but long stayers were also apparently more able to secure jobs past the point when placement was a factor.

Placement chances increase with length of stay. Among 1977 classroom trainees, the prime sponsor placement rates were as follows for individuals with placement status recorded: ^{47/}

Length of Stay	Placement Rate
Less than 120 days	49.3
120-179	53.7
180-269	54.9
270+	62.5

The evidence suggests that trainees who stay longer are more likely to complete, and that completion makes a person more employable. The proportion of persons placed among those reporting themselves as dropouts from training was the same for persons staying over 180 days as for those staying a shorter period. The placement rate among self-described completers increased only modestly with their length of stay in classroom training. The overall upward trend in placement with duration of stay was, thus, largely the result of increased chances that those with long duration of stay would be completers. These judgments must be hedged by the fact that participants may have considered themselves completers when they were placed and dropouts if they were not; moreover, half of participants did not even know whether they completed. Nevertheless, the data are suggestive. ^{49/}

Placement Rate for Fiscal 1977 Classroom Trainees
With Record of Placement or Nonplacement

Length of Stay	Self-Described Completers	Self-Described Dropouts
Less than 120	63.8%	18.5%
120-179	61.4	19.1
180-269	66.0	25.4
270+	67.0	8.9

The evidence from Job Corps is also suggestive, albeit limited. When asked whether Job Corps training, work experience, or education were helpful in obtaining at least one job, 63 percent of completers, compared to only 35 percent of partial completers and 26 percent of dropouts, responded affirmatively. Only 41 percent of Job Corps leavers reported contact with a Job Corps placement agency or the Employment Service; but the rate among completers was 46 percent compared to 38 percent among partial completers, after adjusting by regression for race, age, sex, and center type. For those reporting a contact, the proportions reporting a resulting placement were 45 percent and 39 percent, respectively, again after adjusting for differentials. In other words, the placement effectiveness, although limited even for completers, was a third higher than for partial completers. 50/

Finally, length of stay has an independent impact after placement status is considered and these effects increase over the period out of the program. The marginal effect on quarterly annualized earnings of an extra month of classroom training has been estimated for males and females in the second-half fiscal 1975 enrollee group, holding constant placement and adjusting for the differences between long stayers and short stayers in age, family size and marital status, race, barriers to employment, previous employment patterns, education, and veteran's status. After controlling for all these factors, the pre-entry earnings of those who stayed longer in classroom training were less for males but more for females than the earnings of the short stayers, i.e., the more employable males (after controlling for measurable variables) apparently left early, while the more employable females stayed longer. 51/ The post-program earnings impacts of longer stay must be interpreted in this light. For males, the increases related to longer stay must be added to the lower likely earnings because of factors not controlled in the regression variables. For females, on the other hand, the gains in post-program must be discounted since those with higher earnings potential among female classroom trainees were more likely to stay. Nevertheless, it is clear that each extra month of training paid off for both males and females, peaking for males in the 6 through 12 month post-termination period while continuing upward for females.

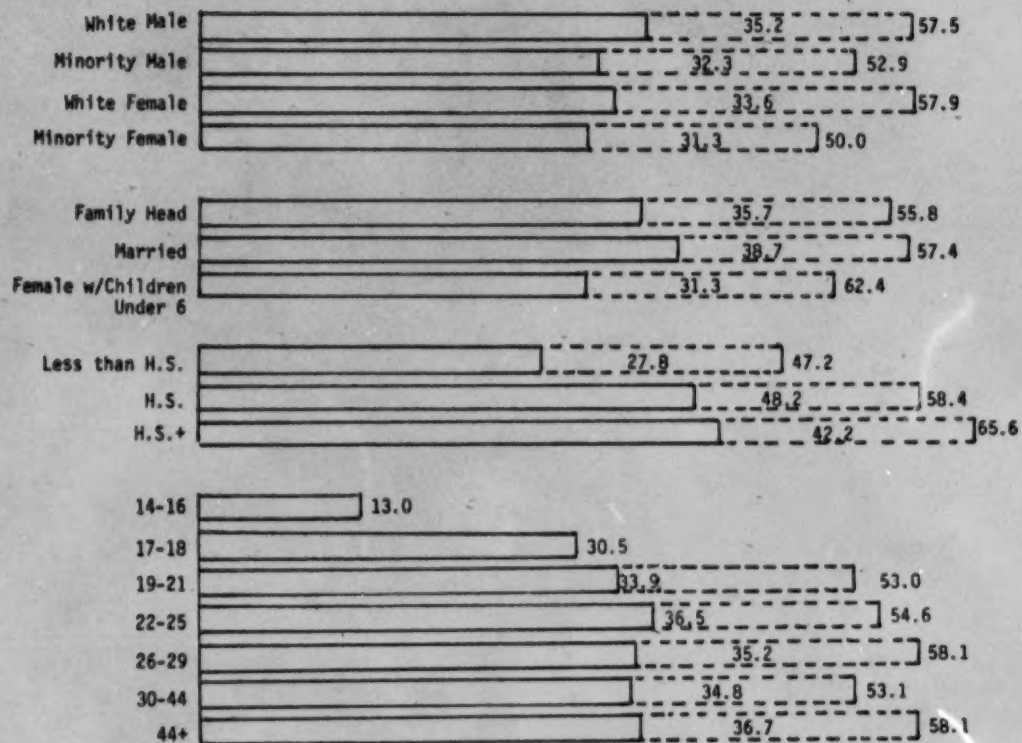
Annualized Quarterly Earnings Coefficient of An
Additional Month of Stay for Second Half Fiscal 1975 Classroom Trainees

	Males	Females
Pre-Entry Quarter		
4	\$-26	\$ 32
3	-72	45
2	-109	98
1	-33	54
Post-Termination Quarter		
1	-8	5
2	17	18
3	211	78
4	165	55
5	112	85
6	26	168
7	2	159
8	20	173

This does not diminish the importance of placement as both an independent and interrelated success factor. Besides the fact that placement by itself looms so large in predicting earnings gains, it is an instrumental variable that can be affected by policy and management decisions. Granted that placement is easier for longer duration stayers and those who have completed, and that length of stay and completion have their own strong effects independent of placement, it is important to understand how placement affects outcomes.

There is unquestionably a sorting effect in placement separate from the sorting which occurs in completion. More than a fourth of the Title IIBC trainees that prime sponsors recorded as placed in 1980 had found their own jobs. ^{52/} In the remaining cases, the prime sponsors may have worked harder for those more easily placed, or they may have had greater success with those who were more employable. At any rate, the placement chances were much greater for those who were more employable even before training (Figure 3.9). White males, family heads and married participants, high school graduates and trainees age 20 and above had noticeably higher placement from both OJT and classroom training. While the CLMS-CPS estimates of net impacts for those placed and not placed controlled for the principal differences, it is likely that placement reflected characteristics or motivation not captured in the demographic and background variables. This is suggested by estimated annualized earnings in each of the four pre-entry and eight post-termination quarters of second half fiscal 1975 classroom trainees who were placed and not placed after controlling in regression equations for differences in age, family and marital status, race, barriers to employment, previous employment patterns, education, veteran's status, and length of stay. Those who were placed, indeed, had higher earnings in the pre-entry period even after adjusting for these factors. The pre-program earnings for males who were placed were .8 percent higher than the average for male classroom trainees, while for females who were placed they were 5.3 percent higher. Yet the post-program payoffs for those who were placed were of a much larger order of magnitude--two-fifths higher for males who were placed than for those not placed, and nearly three-fourths more for female participants who were

Figure 3.9
Placement Rate Fiscal 1977 Classroom and
On-The-Job Trainees as Recorded in Prime Sponsor Records



CT OJT

placed than for those not placed. Moreover, the differentials in favor of those placed remained quite large up to two years after termination.

Annualized Quarterly Earnings Differential Between
Second Half Fiscal 1975 Classroom Trainees Placed and Not Placed

	Males	Females
Pre-Entry Quarter		
4	\$ 81	\$ 202
3	175	113
2	87	28
1	-248	-46
Post-Termination		
1	2,033	2,666
2	2,219	2,623
3	2,100	2,486
4	2,079	2,060
5	1,895	2,005
6	1,755	1,903
7	1,994	1,748
8	1,678	1,716

The interpretation is that sorting does occur in placement which is separate from that occurring during participation and reflected in length of stay. The variables used in the CLMS-CPS impact estimates picked up some but not all of the differences, since even when the CLMS-CPS match variables and more were accounted for, those placed earned more than those not placed prior to entry. Yet the magnitude of these pre-entry differentials was modest relative to the post-program earnings differentials which persisted past the immediate transition period when placement would have had its greatest payoff. This suggests, again, that placement accessed better paying and more stable jobs, or ones where trainees could apply their skills and advance more rapidly.

The Invisible Ingredients

More than a third of local classroom trainees participate in non-occupational or other remedial activities. Occupational training is usually supplemented by some degree of basic skills training, job search assistance, and transition services. In Job Corps, expenditures for remedial education, counseling, world-of-work training, and health instruction exceed the costs of vocational training. These other activities have several basic missions: first, they seek to improve reading and writing skills and to provide academic credentials; second, they attempt to alter attitudes and behavior, motivating participants and helping them adjust to the mores of the labor market; and third, they aim to provide job knowledge and job seeking skills to facilitate labor market entry. Attitudinal change, basic skill gains, and employability skills improvements are difficult to measure, and because service components designed to achieve these effects are usually short duration or supplementary activities, the impacts are not large enough to be easily identified even if

the measurements were refined. Further, the attitude and employability skill changes which are achieved may not be manifested in significant employment and earnings changes or occupational mobility. For these reasons, these "other" remedial activities have largely remained the invisible ingredients in the training stew. The available evidence, which is largely the product of the myriad research and demonstration activities mounted under the Youth Employment and Demonstration Act, suggests that these are not "extras," but rather basic ingredients, at least for the younger program participants (under age 22) who represented half of all trainees in CETA programs in 1980.

The Job Corps provides the best evidence concerning these factors, since the treatments are more intensive and the impacts most observable. The findings that Job Corps increases post-program employment but not wages, that only three in ten entrants complete vocational training, that placement activities are limited, and that the job/training match rate is modest, suggest that something else is happening other than vocational skills improvements and increased job access through placement leverage. But the evidence is more than inferential. During 1975 through 1977, a sample of Job Corps participants and a control group of applicants who did not participate were interviewed at the entry point for participants and approximately 18 months later, using a battery of questions scaled to address 22 different dimensions of job-related noneconomic impacts--including on-the-job behavior, job interests and attitudes, understanding of the value of work, attitudes towards self, peers, family and authority figures, as well as health and nutritional behavior. The study documented significant impacts on attitudes about self and society for participants who stayed more than 90 days in Job Corps. Self-esteem increased, particularly for females. Family relations improved both for males and females. Use of leisure time improved for males and somewhat for females. Attitudes toward authority improved while criminal involvement declined (Table 3.15).

Attitudinal changes, as measured by these psychometric test questions, were reflected more tangibly in behavioral changes. During the first year after Job Corps, 1977 Corpsmembers were a third less likely to be arrested than like nonparticipants (10.9 per hundred vs. 16.7 per hundred), with arrests for theft only a fifth as high (2.1 per hundred rather than 10.3 per hundred). At the two-year post-termination point, Corpsmembers were a fourth less likely to be married, one-sixth less likely to be heads of families, a fifth less likely to have had children, and an eighth less likely to have had children out of wedlock. During the 18 to 24 month post-termination period, Corpsmembers spent 4.4 percent of weeks in college, vocational or technical school, or six times more than the control group. Cumulative moves between cities for job opportunities (excluding Job Corps relocations) were twice as high for Corpsmembers as controls in the first year and a half after termination, reflecting the maturation and greater self-reliance resulting from the residential experience. 53/

The evidence of substantial in-program and post-program gains for Job Corps can be contrasted with the findings of the supported work youth program which served dropouts very much like the Job Corps enrollees, providing structured and well-supervised full-time employment in local communities. During the period of supported work participation there was

Table 3.15
Summary of Results of the Job Corps Non-Economic Impacts Study*

Impact Dimension	Results for Enrollees Who Stayed Three Months or More in Job Corps (Persisters)	Results for Individuals Who Did Not Attend Job Corps (No Shows)
Job-Related Impacts		
Job seeking skills	Improved	Improved
Job holding skills	No change	No change
Job knowledge	No change	Improved
Work relevant attitudes	No change	No change
Work ethic	No change	No change
Job skill confidence	Declined	No change
Job satisfaction	Improved	Improved
Vocational aspirations (right now)	No change	Declined
Vocational aspirations (two years ago)	No change	No change
Vocational aspirations (two years from now)	No change	Declined
Social-Attitudinal Impacts		
Attitude toward authority	Improved	Improved
Self-esteem	Improved	No change
Criminal justice system involvement	Improved	Improved
Family relations	Improved	No change
Leisure time	Improved	No change
Health Impacts		
Health information	No change	No change
Nutrition information	No change	No change
Health care and health habits	Mixed	Mixed
Nutrition behavior	Improved	No change

* Improvements and declines are those where statistical significance was achieved on the change measures.

Source: Abt Associates, "The Noneconomic Impacts of the Job Corps,"
Assessments of Job Corps Performance and Impacts, Volume I
(Washington, D.C.: Government Printing Office, May 1980),
pp. 407-565.

evidence of a decline in hard drug usage relative to controls (11.3 percent of supported work participants compared to 14.2 percent of controls reported use of heroin, cocaine or psychedelic drugs), but an increase in marijuana and alcohol usage (56.9 percent compared to 52.4 percent, and 68.1 percent compared to 65.5 percent, respectively). The average number of arrests was higher for participants (.26 vs. .20) and the percent arrested was higher (17.1 vs. 16.8). During the 10 to 18 month period after entry, by which time most participants had left supported work, 16.8 percent of participants experienced at least one arrest compared to 15.2 percent of controls. During the 19-27 month point, participants in the follow-up sample were less frequently arrested than controls (10.4 percent vs. 13.6 percent) but for the small group followed-up 28 to 36 months, the situation was again in favor of nonparticipants (23.1 percent vs. 16.7 percent). The same patterns were evident in number of arrests. In the post-program period, participants and controls were about equally likely to use marijuana and alcohol and participants were more likely to use drugs other than marijuana and alcohol. ^{54/} In other words, it appears that during the period these young adults were employed they were more likely to use alcohol and marijuana, and more likely to be arrested, than when they were unemployed and searching for work. Likewise the post-program earnings effects of supported work were minimal for youth participants.

The differences between the Job Corps and supported work impacts may be due to either the residential factor or the greater impacts of a training rather than work approach. Indeed, it appears that training activities may be somewhat more likely to alter attitudes and behavior. For instance, the Career Intern Program was an intensive alternative education program for mostly poor and minority dropouts and dropout-prone youth, i.e., the same types who enter Job Corps and were in supported work. The CIP approach included low teacher-pupil ratios, individualized, self-paced and experienced-based instruction, linkages with the world-of-work, and an emphasis on student decisionmaking, peer group support and motivation. In other words, it shared many of the elements of Job Corps treatment. While CIP participants experienced rapid educational gains and improved employment, three other impacts were measured by pre- and post-program tests for participants and a control group using the Career Development Inventory (Super, 1970), the Self-Esteem Inventory (Coopers-town, 1967), and the Internal-External Scale (Rotter, 1966). These tests demonstrated a uniform and statistically significant effect on career planning, career development resources, but not career information. There was a slight positive effect on self-esteem, and no statistically significant effect on locus of control. ^{55/}

A test of the impacts of in-school guidance, counseling, motivation, and employability skills development efforts was provided by the Youth Career Development demonstration which consisted of 36 projects offering 5-10 hours weekly of instruction and other activities for disadvantaged students during or after the school day. In each site, control groups were drawn from like individuals, and the participants and their controls were given a battery of tests at entry and exit (one school year) which included subsets of questions designed to measure changes in vocational attitudes, work-relevant attitudes, sex-stereotyped perspectives and self-esteem, plus job knowledge, job holding and job seeking skills. The participants gained

significantly relative to controls in all areas except job knowledge, where their gains fell just short of statistical significance, and in self-esteem, where there were no changes for participants or controls.

Big gainers in employability skills and attitudes were more likely to have positive labor market outcomes than below average gainers. 56/

Status Three-Months After End of School Year For
YCD Participants and Controls

Relative Size of Pre/Post Gain	Percent in Full-Time Job	Percent in Skilled or Semi-Skilled Job	Probability of Working or In- School or Both
Vocational attitudes			
Upper quartile	29	18	71
Lower quartile	25	9	56
Job knowledge			
Upper quartile	31	16	75
Lower quartile	25	11	52
Job holding skills			
Upper quartile	25	13	65
Lower quartile	24	10	65
Work relevant attitudes			
Upper quartile	28	15	77
Lower quartile	26	11	64
Job seeking skills			
Upper quartile	22	12	71
Lower quartile	25	10	58
Sex stereotyping			
Upper quartile	24	14	70
Lower quartile	23	9	64
Self-esteem			
Upper quartile	20	12	68
Lower quartile	29	8	65

Even though the transition services yielded statistically significant gains in employability skills and attitudes, and measurable gains were related to positive labor market outcomes, the compounding of the two modest relationships resulted in limited, though positive, post-program improvements for participants relative to controls. 57/

Post-Program Employment and Education Status
of Participants in School-to-Work Transition Projects

	Three Months After End of School Year			Eight Months After End of School Year		
	Participants	Controls	Difference	Participants	Controls	Difference
Full-time work	27.6	26.5	+1.1	26.9	25.5	+1.4
Part-time work	40.6	37.9	+2.7	50.5	42.6	+7.9
Education and work	32.6	32.2	-.4	40.6	33.7	+6.8
Education and no work	15.0	19.5	-4.5	16.3	21.7	-5.4
No work, no school, no training	10.9	15.0	-4.1	5.1	9.4	-4.3

It appears that change on some of the dimensions was more critical to outcomes than change on others. As an example, the Jobs for Delaware Graduates (JDG) program was a variant of YCD. It used a specially-created business-oriented but broad-based intermediary to provide transition services very similar in hours of activity and costs to those of YCD to seniors in selected high schools in Delaware. JDG focused solely on students who wanted to go immediately into the full-time labor market after graduation but were expected to have problems. The aim of JDG was not personal or character development to the extent of most YCD projects, but rather the provision of the specific skills and help needed to get a job. JDG produced statistically significant gains for participants (measured relative to matched students in comparable high schools in Delaware which were not served by JDG) on only two of the seven measures, compared to statistically significant gains on five of the seven scales for YCD. Of critical importance, however, JDG participants gained more on the job seeking and job holding skills dimensions, i.e., where the program placed its greatest emphasis.

Difference Between Gains of Participants and Controls
as Percent of Standard Deviation of Pretest Scores on Each Measure

	<u>YCD</u>	<u>JDG</u>
Self-esteem	.004	.096
Sex stereotyping	.239*	.073
Job seeking skills	.175*	.227*
Work relevant attitudes	.156*	.012
Job holding skills	.099*	.160*
Job knowledge	.077	-.021
Vocational attitudes	.142*	-.140

* Statistically significant

JDG also placed more emphasis on job development as well as arranging placements before the end of the school year. It did not rely solely on attitudinal changes in participants to yield improved labor market outcomes. There was, as a result, a substantial difference in post-program outcomes. JDG increased the chances of full-time employment three months after termination by 17 percentage points, compared to the less than 2

percentage point increment attributable to YCD. On the other hand, JDG youth were less likely than their matched controls to be in school or training subsequently. 58/

The gains in employability skills documented for these in-school transition projects might be contrasted with the tested outcomes for participants in summer employment programs. The typical summer program emphasizes work experience with, at most, a day or half-day each week of "enrichments." The total summer treatments average 230 hours, or approximately one-half the hours in YCD. Several different evaluations of the summer program using the same tests as for YCD and JDG found no gains for summer participants relative to control groups on any of the measured dimensions. Even in summer demonstration programs which mixed work and transition services half and half, or provided full-time vocational exploration activities or transition services during the summer months, there was no evidence of statistically significant gains on the same tests where impacts were noted for YCD and JDG. There is some evidence that these summer interventions reduced in-program but not post-program arrest rates. They increased modestly the chances of returning to school and of working while in school. 59/ But they did not, apparently, have a major impact on employability skills and attitudes.

The Job Search Assistance demonstration provided short (one to four week) interventions coupling formal instruction in job search techniques with supervised job search activities for youth already looking for work but with little success. There was almost no emphasis on personal or character development, occupational guidance, or vocational exploration. Yet the evidence suggests that the help provided made a substantial difference. In one site, an average of 83 hours of activities included supervised "work" in searching and applying for jobs combined with instruction in resume writing and employer interaction. The same set of pre- and post-tests were applied as for YCD. There was no evidence of improvement over the short period of the intervention even on the job seeking skills subtests where a gain would be most likely. 60/ Yet the post-program labor market outcomes were impressive:

Post-Program Employment Rates for Job Search Assistance
Participants and Controls

	Participants	Controls
First follow-up (10.5 weeks post-termination)	63.6%	47.7%
Second follow-up (26.5 weeks post-termination)	77.1	73.2
Third follow-up (37.5 weeks post-termination)	79.3	78.0
Fourth follow-up (45.5 weeks post-termination)	79.2	81.8

An even shorter-duration intervention was tested which provided two days of non-stipended job search assistance to young Employment Service applicants who were matched to a control group of nonparticipants. At the six-week follow-up point, the actual employment rates were 51 percent for

participants and 42 percent for controls, even though the latter were more employable. At the three-month follow-up point, some of the effect had faded but there were still noticeable differences. Finally, a study of job search assistance programs under the Work Incentive Program found that among persons under age 21 who participated, the employment rate after leaving the program was 48 percent compared to 25 percent among youth enrolled in routine WIN services. 61/

In summary, "other" training activities can result in documented changes in employability skills and attitudes as well as altering behavior, such as criminal activity, which may undermine successful performance in the labor market. While improvements along these dimensions are associated with greater post-program success, the changes achievable with short-duration local interventions are not of a magnitude to dramatically alter employment and earnings. Quite reasonably, long-duration and intensive programs have greater measurable impacts. Structured environments in a residential setting or in alternative schools appear to change attitudes and skills more than when activities are provided in regular work and learning environments. There is little evidence that work activities per se change attitudes and awarenesses. Post-program benefits can be realized without measurable changes in employability skills or attitudes. This is the case with job search assistance. Here the key is providing the minimum necessary at the point it is needed. The behavioral and motivational interventions also appear to work best when the intervention is "going with the flow." For instance, there are rapidly increasing probabilities of labor force participation in employment with each passing teen year. Disadvantaged youth lag behind more advantaged youth in the time of first part-time in-school work, the time of first summer employment, and the point of the first full-time bridge job. Apparently it is possible to speed up this entry process by providing first summer employment experiences. High school graduates entering the full-time work force will almost always get full-time jobs after a period of search. Focusing on those who are interested in work rather than continued study and providing the needed tools can apparently hasten this process without marked changes in measurable employability skills. Likewise, there is a dramatic decline in the propensity for crime and illegitimacy over the teen years and early twenties. A program such as Job Corps is apparently able to speed up the maturation process somewhat while providing a constraining setting for the most critical part of this at-risk period.

All these judgments are highly speculative because the measures of change are suspect, because the changes produced are modest, and because the relationships between in-program changes and post-program outcomes are complex. Nevertheless, it does seem that motivation, maturation, and employability skills are malleable and that interventions can produce improvements which affect short-term labor market success, at least for younger CETA participants.

The evidence on remedial education is somewhat more dependable because changes can be measured using refined and relatively accepted standardized tests, and since credentials are awarded which document achievement--academic credit for work experience, the GED and the diploma.

Among all persons 14-21 who participated in CETA programs during 1978, 19.0 percent reported receipt of basic education services, 2.3 percent English language training and 12.6 percent GED training, although the same individuals may have participated in both GED and basic education, and although the total hours of treatment varied widely. Among young high school dropouts participating in CETA, a third reported receipt of basic education and a third reported GED training (the same individuals may have received both). ^{62/} All Job Corpsmembers except those with a high school diploma and with tested competencies at an adequate level--all but a tenth of entrants--participate in either basic education or remedial education usually half-day or 20 hours weekly. How effective are these remedial education offerings?

In a recent Job Corps experiment with various education approaches, over 8000 Corpsmembers were tested at point of assignment to education programs and after 90 and 150 hours of instruction, representing approximately 19 and 30 weeks, respectively, of Job Corps participation. Ninety hours in the traditional Job Corps reading and language arts classes yielded a gain of 1.5 years in reading achievement (according to the SAT test). Over the same period in mathematics classes, the gain was 1.0 years in mathematics. At the 150 hour point, the reading gain was 2.1 years, i.e., the gain rate per hour from 90 to 150 hours was only three-fifths of that in the first 90 hours, but still quite substantial. ^{63/} For the 1972-1974 period when gains tests were a regular part of Job Corps, the monthly gain rates of Job Corpsmembers averaged 2.0 and 2.3 months of reading and math achievement, respectively. ^{64/} The more current data translate into monthly gain rates of 3.3 and 2.2, respectively (assuming a 10-month school year to achieve one school year's increase on the SAT tests).

The Career Intern Program offered a test of an alternative education approach emphasizing individualized learning, high teacher-student ratios, and infusion of education materials with work-related information in a setting designed to maximize positive reinforcement and peer interaction. This approach apparently increased the learning rates of dropout-prone youth. Over half a year of treatment, youth in the alternative schools moved from the 36.57 percentile in the distribution of the Metropolitan Achievement Test to the 40.08 percentile, or by 3.51 percentage points, whereas the control groups (in regular schools) advanced from 36.60 to 37.97 or by 1.37 percentage points. In mathematics, the increase for treatment was 26.20 to 30.11 or 3.91 percentage points compared to an increase from 28.55 to 29.18 or by .63 percentage points for controls. In both cases, the gains of the participants were statistically significant. ^{65/} If no extra intervention had occurred, it is assumed that the youth would have the same position on the distribution at post-test as at pre-test.

While remedial education activities can advance tested reading and math competencies substantially, only a minority of CETA participants with educational deficiencies can be brought up to the level where they can be credentialed with a high school equivalency (GED) certificate. As an example, because Job Corpsmembers have an average tested reading capability below the sixth grade level at entry into the program, and because the average duration of stay is only six months, an increase of two grade

levels achievable in this time brings the average up only to the eighth grade level. Only one-sixth of enrollees are eligible on entry or attain a seventh grade level of reading during their stay, which is considered the minimum to begin GED preparation. Two-thirds of these participate in a GED program, 65 percent complete, and nine of ten who complete take and pass the state GED test. 66/ Thus, only 7 percent of Job Corps participants acquire a GED, which translates into a 5 percentage point higher likelihood of having a GED or diploma than for like nonparticipants. 67/

In local CETA programs, which serve a less disadvantaged youth population containing more individuals closer to the GED standards, the record of success is roughly the same as for Job Corps. Under the Youth Employment and Training Programs and Youth Community Conservation and Improvement Projects, the number of GEDs received equalled 7.8 percent of all dropouts who participated in fiscal 1980. 68/

There is some evidence that the GED certificate pays off in the labor market, albeit less than a regular diploma. Adjusting for race, age, occupational training cluster, and entry education status, 1977 male Job Corps participants who completed a GED had a 68 percent chance of employment at 18 months after exit, compared to 63 percent for others. For females without children, the employment rates were 60 percent for those with a GED compared to 51 percent for those without one. Male GED recipients had the same post-program employment rates, but lower earnings, than individuals who entered Job Corps with a high school diploma; while for females without children, the employment rate for those entering with a diploma was 6 percentage points above the rate for those acquiring a GED. 69/

SECTION 4. WORK AS TRAINING

Work can serve a training function, and the historical emphasis on subsidized employment activities under CETA has, in part, been defended by the claim that work experience will increase future employability. This might occur in several possible ways: Some individuals lack job experience. They do not know how to interact with coworkers and supervisors, how to accept and follow-through on instructions, or how to conform to worksite mores. They may have fears about the unknown or may be unable to get a job because they lack any work experience on their resumes. For such individuals, a subsidized job might teach employability skills, help to overcome fears and provide an employment reference. Work can also be structured in combination with education or training components. There are some individuals who may not be willing to sit in a classroom all day, but will participate a few hours daily if this is required to secure a job the remainder of the time. A subsidized job may also be used as a structured training site to upgrade skills and credentials, in which case the aim will be learning not just output. Alternatively, there may be part-time work and part-time training, or a sequence of work and training, which may be coordinated to provide specific skills. Finally, the subsidized job may also be used to screen and train workers for permanent entry into regular unsubsidized jobs in the public or nonprofit sectors, which account for as many as one-third of all jobs in our economy. Because the subsidy for work experience or PSE equals the full wage plus training costs, rather than the subsidy of half the wages plus training costs available to private employers under OJT, greater risks and a wider gap between hiring requirements and the credentials of those hired can, in theory, be achieved in the public sector.

While in all these cases, the subsidized work experience can be assumed to have some positive post-program effects, there are other factors which might minimize employability impacts. A subsidized job in the public or nonprofit sector may simply utilize existing skills, providing a wage which is largely offset by output. This occurs when job requirements are well-matched with the skill levels of participants. It is possible, in fact, for skills and productivity to exceed wages, so that the public and nonprofit employers reap a double windfall benefit from putting the unemployed to work. Work experience of this sort may help to avoid the deterioration of skills or motivation, and it may be a better reference than an extended period of joblessness, so that it could increase the likelihood of employment subsequently. On the other hand, the jobless person can look for work full-time while the worker in a subsidized job must only search in off-hours or upon termination. Even if the work experience improves the chances of finding work after the temporary job, persons who do not participate are more likely to be employed in the post-program period because at least some of them found continuing jobs during the time they might otherwise have participated. In this case, higher earnings rates are likely because of accumulated seniority. The subsidized jobs may also be "makework," without any training or meaningful work experience, with slack supervision and limited worksite discipline. The jobs might be considered nothing more than constructive activities to keep youth off the streets or simply a substitute for income transfers of

relief recipients and older workers. Where the jobs do not provide structured, supervised work settings, they will not offer a very good aging vat, nor serve as effective entry and reentry mechanisms. They might, in fact, have negative impacts, instilling bad work attitudes, eroding skills, and providing a black mark rather than a reference on the resume of the participant.

The impact on employability is, thus, dependent on the match-up of each worker with each job, the designed level of on-site or off-site training, the transition mechanisms, and the effectiveness of the management. The major categories of subsidized work--in-school and summer jobs, year-round work projects for dropouts, welfare recipients, offenders, handicapped, and drug addicts, supported work and public service employment for the structurally and countercyclically unemployed--all subsume a range of local activities which vary widely in these dimensions. Some summer projects are training oriented while others are idle leaf-raking. Some PSE employees are in makework jobs while others may serve in highly-skilled positions where transferrable skills are learned. As a generalization, however, the Summer Youth Employment Program emphasizes the aging vat and constructive activity/income transfer approach, PSE Title VI places more emphasis on the productive work and OJT approaches, while Title IID and work experience under Title IIB more often emphasize work and training combinations.

Providing Structured Work Experiences for the Hardest-to-Employ

The supported work experiment was a five-year demonstration and research effort to determine the impact of work experience on the immediate and future employability of four hard-to-employ groups: long-term AFDC recipients, ex-addicts, ex-offenders and young school dropouts. Supported work projects were designed--like most good work projects--to provide increasing demands, close supervision, and peer support with the aim of gradually improving the employability of the disadvantaged up to competitive labor market standards. While the actual work done in the 15 projects nationwide paralleled the types of activities undertaken under most CETA work experience programs--housing rehabilitation, painting, health care, building maintenance, day care, and park maintenance--there was also a limited degree of manufacturing and sale of services to the private sector, as well as an attempt to involve business and labor in the activities. The projects were run by carefully-selected operators under the oversight of the Manpower Demonstration Research Corporation. Where three-fourths to four-fifths of most CETA-funded work experience program expenditures go for wages and salaries, less than half of the full costs (net of research) of supported work were for income support, reflecting greater supervision and more careful management. The projects operated for three to five years and were, thus, more stable than the normal subsidized work projects. The average length of stay for participants was 6.7 months, compared to 5.0 for Title IIB work experience participants and 11.3 months for Title IID PSE participants in fiscal 1977-1979. In other words, the post-program impacts of supported work are indicative of the effects of well-run, stable, "enriched," and more targeted work projects. ^{70/} Any observed impacts are, thus, likely to be more positive than the average for CETA work experience, and similar to that portion of public service employment activities targeted to similar clientele.

Overall, supported work had minimal impacts on post-program labor market success. During the period 19-27 months after enrollment (after adjusting for the fact that some of the participants were still in supported work), the average employment rates of the ex-addict, youth, and ex-offender groups were all below those of carefully matched control groups (Figure 3.10). Only the AFDC cohort experienced employment gains. Monthly hours of employment changed little for any of the groups, except again for the AFDC cohort. Average wage levels rose noticeably for the AFDC group, modestly for youth, and minimally for ex-addicts and offenders, as compared to their respective control groups.

The gains of the AFDC group were primarily the result of increased post-program public sector employment. During the 19-27 month post-enrollment period, the employment rate for the AFDC participants who had left supported work was 6.5 percentage points higher than for controls. The chances of being employed and in public sector jobs subsidized by CETA or WIN were 2.8 percentage points higher for ex-participants than controls during this period. The differential in employment rates in unsubsidized public sector jobs was 8.1 percentage points. In other words, post-program public sector jobs accounted for all of the employment gains relative to controls. 71/

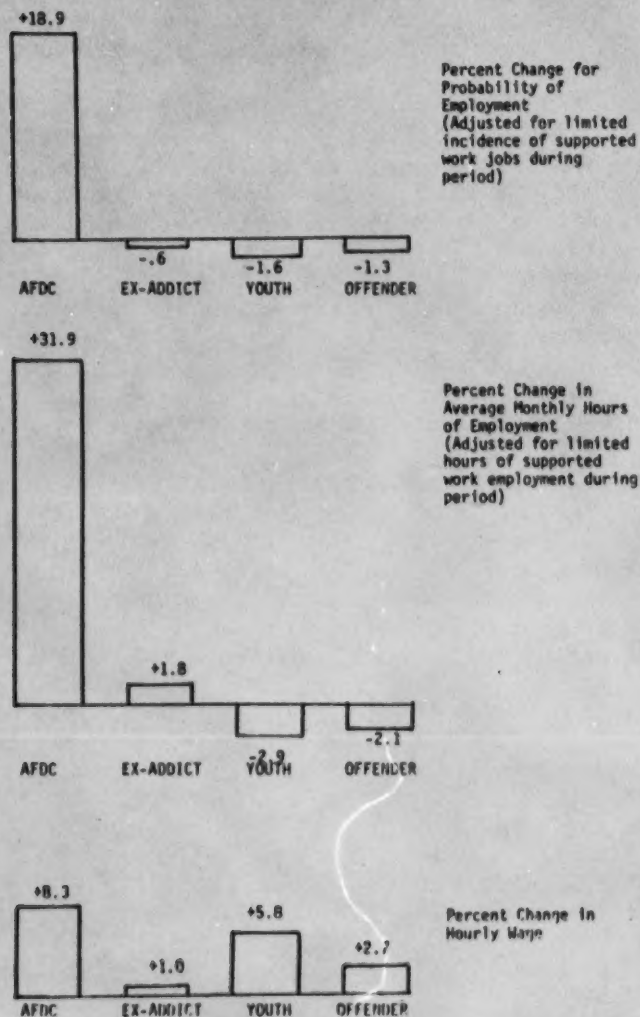
Another perspective is to consider the sources of average monthly earnings for experimentals and controls during the 19-27 month period. Of the estimated differential of \$71 monthly in favor of the AFDC supported work participants, 88 percent resulted for greater CETA, WIN, supported work or other public sector earnings. 72/

Average Monthly Earnings of AFDC Supported Work
Cohorts and Controls During 19-27 Month Period After Enrollment

	Participants	Controls	Difference	Distribution of Difference
Earnings All Jobs	\$236.92	\$166.34	\$70.58	100.0%
Supported Work	4.71	0.00	4.71	6.7
CETA, WIN	37.16	30.69	6.47	9.2
Other Public Sector	70.94	19.92	51.02	72.3
Private Sector	124.11	115.73	8.38	11.9

The lack of significant post-program employment impacts for the other supported work client groups was, in turn, related to their lack of transition into public sector jobs. For instance, supported work youth and ex-offender participants were .2 percent and .6 percent, respectively, less likely than their respective control groups to be employed in unsubsidized jobs in the public sector during the 19-27 month post-enrollment period. The likelihood of post-program subsidized employment was higher by 1.4 percentage points and .4 percentage points, respectively, but even these differentials were substantially less than those between AFDC participants and controls. The limited transition rates for the youth and ex-offenders compared to AFDC participants reflected their relative employability. The likelihood of unsubsidized public sector employment was 12.0 percent for

Figure 3.10
Employment Experience of Supported Work Participants
and Controls, 19-27 Months After Enrolling



Source: The Board of Directors, Manpower Demonstration Research Corporation, Summary and Findings of the National Supported Work Demonstration (Cambridge, Mass.: Ballinger Publishing Co., 1980); Rebecca Maynard, The Impact of Supported Work on Young School Dropouts, Stanley Masters and Rebecca Maynard, The Impact of Supported Work on Long-Term Recipients of AFDC Benefits, Katherine Dickinson and Rebecca Maynard, The Impact of Supported Work on Ex-Addicts, and Irving Piliavin, The Impact of Supported Work on Ex-Offenders (New York, New York: Manpower Demonstration Research Corporation, 1981).

the AFDC control group, 7.0 percent for the youth control group and 4.3 for the ex-offender controls. In other words, even in the absence of supported work and its placement/OJT effects, long-term AFDC recipients were considered more favorably by the public sector employers than offenders or dropout youth. 73/

This evidence suggests that supported work served as a try-out or OJT mechanism for AFDC recipients but not for the other groups. Absent this effect, it seemed to have little impact on employability. The effectiveness of supported work as a transition mechanism was limited since even for AFDC participants, less than seven in a hundred more than expected entered unsubsidized public sector jobs, while for the less attractive ex-offender and youth groups, there was no increase in transition into unsubsidized public employment. 74/

Why PSE Yields Earnings Gains and Work Experience Does Not

For work experience participants in 1976, the Social Security covered earnings in 1977 were an estimated \$149 less than those of matched controls, and \$187 less in 1978. For PSE participants, the post-program earnings were \$261 and \$326, respectively, higher than those of controls. Adjustments for undercoverage of post-program public sector earnings increase the differentials even more in favor of PSE. Why did PSE have such positive effects while work experience did not?

An obvious consideration is that PSE served a more employable population. The individuals who entered PSE in fiscal 1976 had Social Security-covered earnings during 1974 which were double those for individuals subsequently entering work experience. The 1977 average earnings of the control group for 1976 PSE terminees were half again those of the work experience participants. 75/ Yet this alone is not an explanation for the differences, since the net impacts for PSE and work experience were estimated by comparison with individuals having similar characteristics. Moreover, most demographic groups, including the more disadvantaged among PSE participants, experienced greater post-program employment than when they participated in work experience (Table 3.16). Estimates of the earnings of subgroups of PSE and work experience participants measured relative to control groups suggest that annual earnings gains (the 1978 levels for all fiscal 1976 terminees) were higher for almost all cohorts in the CETA population (Table 3.17).

The "extras" received along with PSE were certainly not an explanation for these more favorable post-program outcomes. In fiscal 1976, before training was required as a component of public service employment, only .3 percent of PSE funds were spent on training, so this was certainly not a cause of the difference. 76/ Likewise, 9 percent of adult work experience participants, compared to 8 percent of PSE participants, received supportive services (health or child care, transportation or residential support), while 40 and 37 percent, respectively, received manpower services (counseling, orientation, coaching, job referral, follow-up, or other).

Table 3.16
Employment Rates Three Months After Termination of Fiscal 1976
Work Experience and Public Service Employment Participants

Selected Characteristics	Public Service Employment Participants	Work Experience Participants
Total	57%	52%
Sex		
Male	60	54
Female	52	51
Age at Entry		
18-21	51	53
22-29	59	52
30-44	64	54
45-54	58	61
55 and over	50	42
Education at Entry		
8th grade or less	54	49
9th-11th grade	59	52
12th or equivalent	58	52
Beyond high school	57	55
Minority Status		
White, excluding Hispanic	60	55
Black	50	46
Hispanic	59	47
Other	50	60
Employment Barrier at Entry		
Physical/Health	39	39
Criminal record	52	50
Limited English	48	49
None of the above	60	56
Family Receiving Benefits at Entry		
AFDC	53	46
Supplemental Security Income	73	41
Other public assistance	43	22
Food stamps	49	42
Housing assistance	48	47
None of these	59	54

Source: Westat, Inc. Postprogram Experience and Pre/Post Comparisons for Trainees Who Entered CETA During Fiscal Year 1976 (July 1975-June 1976) (Washington, D.C.: Employment and Training Administration, Office of Policy, Evaluation and Research, March 1979), Tables 37-38.

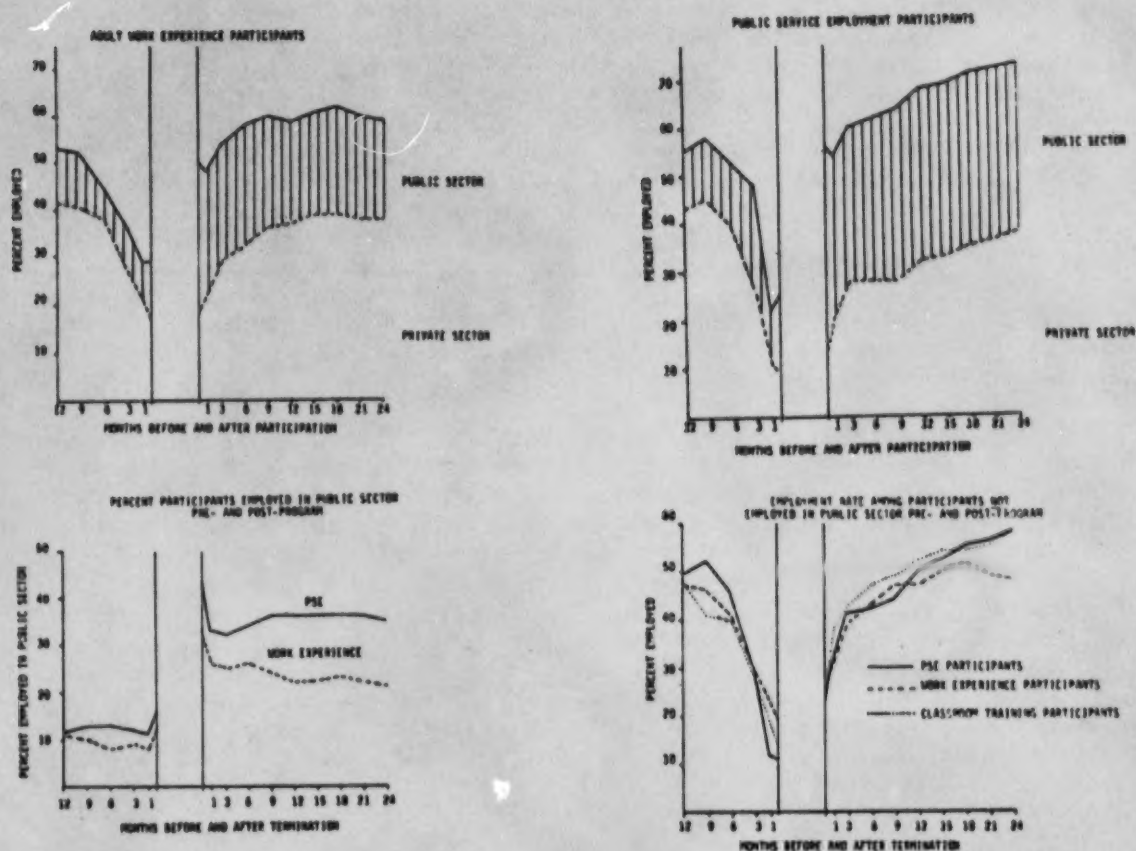
Table 3.17
Estimated 1978 Participant/Control Earnings Differentials For
Fiscal 1976 Work Experience and Public Service Employment Participants

	(1) Gains of Work Experience Participants Relative to Controls	(2) Gains of Public Service Employment Participants Relative to Controls	Difference Between Gains of Public Service Employment Participants and Work Experience Participants [(2) - (1)]
17-18	\$249	\$ 966	\$ 717
19-21	-621	483	1104
22-25	-121	187	308
26-29	-716	723	1439
30-44	-436	113	549
45+	563	732	169
White males	-471	429	900
Minority males	-197	-562	-365
White females	-34	1192	1226
Minority females	442	1098	656
Low earners	-195	834	1029
Mixed and intermediate earners	-228	331	559
High earners	-228	153	381

Source: Westat, Inc. Impact on 1978 Earnings of New FY 1976 CETA Enrollees in Selected Program Activities (Washington, D.C.: Employment and Training Administration, Office of Policy, Evaluation and Research, February 1981).

The major explanation for the differing earnings impacts of PSE and work experience lies in their relative effects on transition rates into unsubsidized public sector employment. For second half fiscal 1975 work experience participants, the percentage engaged in unsubsidized public sector work rose from 11 percent one year prior to entry to 24 percent one year after termination (Figure 3.11). For PSE participants, the increase was from 12 to 35 percent. The employment rate of work experience participants rose from 53 to 59 percent over this period, while for PSE participants, the increase was from 55 percent to 68 percent. Thus, the increases in post-program public sector employment (13 percentage points for work experience participants and 23 percentage points for PSE) accounted for all of employment gains for both work experience and PSE terminees, while the difference in the increases in public sector employment rates for PSE and work experience participants equalled the differential in post-program employment rates. Among both groups, the probability of employment one year after termination for participants not

FIGURE 3.11
EMPLOYMENT RATES BY SECTOR FOR SECOND HALF FISCAL 1975
PSE AND WORK EXPERIENCE PARTICIPANTS



Source: Westat, Inc. CLMS Follow-up Report No. 3 (36 Months After Entry) Experiences in the First Two Postprogram Years, With Pre/Post Comparisons, For Terminees Who Entered CETA During January-June 1975. (Washington, D.C.: Employment and Training Administration, Office of Policy, Evaluation and Research, December 1980), Table 39.

subsequently employed in the public sector remained about the same as the probability one year before entry.

For fiscal 1976 participants in work experience and PSE, the one-year post-termination public sector employment rates were 18 percent and 24 percent, respectively. The differential between the employment rates of the two groups was 8 percentage points in favor of PSE terminees. In other words, the differential in public sector employment rates accounted for

three-fourths of the overall employment differential. Alternatively, the employment rate increases from one year pre-CETA to one year post-termination were 7 percentage points for work experience participants and 16 percentage points for PSE participants. Assuming, as was the case for 1975 participants, that both groups had the same chances of public sector employment a year before entry, the 6 percentage point difference between the increases in public sector employment rates for work experience and PSE trainees accounted for a major portion of 9 percentage point differential in overall employment rate gains. 78/

Despite the negative post-program earnings impacts estimated from the CLMS-CPS analysis, work experience had positive effects for the half of participants who were placed at exit, of whom over half were working in the public sector according to data for 1975 participants. The estimated 1977 earnings of 1976 work experience participants who were placed were \$577 higher than those of controls. For 1975 PSE participants, 57 percent were placed and 61 percent of these were employed in the public sector. Among 1976 participants placed, the earnings were \$1433 higher in 1977 than for matched controls. 79/

The conclusion is that the benefits of PSE or work experience accrue primarily where it functions as a try-out or training ground for entry into the public sector. The transition rates from work experience are lower than for PSE, and hence the benefits less. PSE, in this sense, operates like OJT, albeit with a lower transition rate. Fifty-five percent of 1976 PSE participants were employed one month post-CETA and only three-fifths of those in public sector jobs, compared to 75 percent of OJT participants of whom seven-eighths were in private sector jobs. It might be speculated that PSE does not have as high a batting average as OJT because a segment of PSE activities are very much like work experience--short-term project work which is not directly linked to unsubsidized public jobs. This raises the possibility that more recent PSE efforts, which emphasize the project mode and are targeted to the most disadvantaged, may not achieve the substantial net impacts of PSE as operated in fiscal 1976.

Work and Training Combinations

A small proportion of CETA participants are enrolled in "multiple activities," i.e., they move from one primary activity to another. Among fiscal 1976 entrants (excluding those in direct referral and summer youth programs), 6 percent participated in activity combinations broken down as follows: 80/

Classroom and on-the-job training	19%
Classroom training and subsidized work	48
Subsidized work and OJT	11
Work experience and PSE	16
Three or more activities	6

The estimated post-program earnings gains of these multiple-activity participants were less than for classroom and on-the-job trainees, but more than for participants in subsidized employment, i.e., work experience and public service employment combined (Table 3.18). The benefits of multiple

Table 3.18
1978 Estimated Earnings Relative to Controls For Significant Segments of
Fiscal 1976 Participants, By Primary CETA Assignment

	Multiple Activities	Classroom Training	PSE/Work Experience	On-The-Job Training
Total	<u>\$164</u>	<u>\$442</u>	<u>\$71</u>	<u>\$574</u>
White male	-858	421	3	588
Minority male	331	130	-345	543
White female	574	747	521	514
Minority female	1131	698	622	727
1-10 weeks of participation	-164	110	-369	185
11-20 weeks of participation	107	244	127	645
21-40 weeks of participation	209	898	371	1273
Over 40 weeks of participation	1181	1384	231	--
Previously low earners	284	420	132	811
Previously intermediate and mixed earners	315	266	44	342
Previously high earners	-885	1061	8	400
17-18 years of age	165	183	387	697
19-21 years of age	-455	-17	-70	617
22-25 years of age	-66	277	-47	414
26-29 years of age	317	445	84	339
30-44 years of age	708	1278	-117	727

Source: Westat, Inc. Impact on 1978 Earnings of New FY 1976 CETA Enrollees
In Selected Program Activities (Washington, D.C.: Employment and
Training Administration, Office of Policy, Evaluation and Research,
February 1981).

activities, even more than those of classroom training, were dependent on length of stay, in part, perhaps, because the amount of classroom training was diluted and in part because the multiple assignments may have reflected transfer from stop gap components to treatment activities with only the latter having earnings impacts. It appears that persons with mixed earnings patterns, minorities, and older participants benefited most from multiple activities. However, these conclusions are extremely tentative because of the small sample sizes in multiple activities.

Where the gains of classroom training increased from the first to second post-program years, they declined for multiple activity recipients. In this regard, multiple activities had an impact pattern more like OJT. 81/

Estimated Annual Earnings Increment
For Fiscal 1976 Trainees Terminating in Calendar 1976

	1977	1978	Change 1977-1978
Multiple activities	\$356	\$164	\$-192
Classroom training	347	442	+95
Work experience and PSE	58	71	+13
On-the-job Training	839	574	-265

The proportion of time that enrollees in multiple activities spent in each separate component is unknown. Suggestively, if each component in the various multiple activities combinations is assigned equal weight, and the earnings gains estimated for participants in each separate activity are multiplied by their incidence in the various combinations, the 1978 weighted gain for the multiple activity category would be \$196, or very close to the actual \$164 gain. One might speculate that the separate effects of the components in the various combinations were additive.

The Service Mix Alternatives demonstration mounted under the Youth Employment and Demonstration Projects Act sought to determine the relative effectiveness of different training and work combinations for out-of-school youth. In two sites, dropouts were randomly assigned to equally intensive work, work and remediation, and strictly remediation components. In the third site, they were assigned to either work or a work and remediation combination. These alternative interventions yielded noticeably different post-program outcomes. Participants in the training-oriented components worked full-time more frequently in the post-program period but attended school or training less frequently. Participants in combination activities had patterns closer to the work experience component participants than the training component participants. ^{82/}

Post-Program Status of Randomly Assigned Out-of-School
Youth Participants in the Service Mix Alternatives Demonstration

	Working full-time at 3 month follow-up	In school or training at 3 month follow-up	Working full-time at 8 month follow-up	In school or training at 8 month follow-up
Site 1 and 2				
Full-time work	30%	26%	23%	43%
Work/training combination	31	28	28	21
Full-time training	38	14	41	11
Site 3				
Full-time work	46	18	--	--
Work/training combination	42	13	--	--

Worksites as Training Sites

The Ventures in Community Improvement (VICI) demonstration in nine sites was designed to provide intensive vocational skills training in the workplace, and through linkages with unions and employer groups, to use publicly subsidized work as a transition mechanism into construction jobs and apprenticeships. Targeted to out-of-school youth, and providing work activities such as refurbishing public facilities and repairing homes occupied by the poor and elderly, the VICI program was similar to work experience activities funded under the Youth Community Conservation and Improvement Projects (as well as supported work for youth). Yet there were also several important differences: VICI projects were larger (60 participants vs. an average of 8 under YCCIP); they were funded for two years (vs. one for most YCCIP projects); they had more supervisors (one supervisor for every six participants, compared to a 1 to 10 ratio in typical YCCIP projects); much greater effort was placed on linkages with labor unions and apprenticeship programs, including the hiring of journeymen as supervisors; the projects were better planned and managed than most youth work projects; and, most importantly, the work activities were structured to provide occupational skills training. 83/

The differences between VICI and regular work projects are best illustrated by the cost breakdowns. 84/

	Average VICI	Average YCCIP-1980
Cost per person year	\$13,833	\$7,793
Cost per participant	\$6,917	\$2,985
Cost components		
Administrative	14%	20%
Wages, salaries, and fringes	38	59
Worksite supervisors	32	9
Training	15	7
Services	1	6

The basic question addressed by the VICI demonstration was whether this greater emphasis on supervision and training would increase the impact of the work experience on participant labor market success without sacrificing the output generated by menial work projects.

The costs of VICI and YCCIP were both offset by the productive output of participants. In the case of VICI, the estimated ratio of value of output (as judged by independent appraisers) to total costs including overhead was \$.42, and the value added per dollar of participant wages was \$.32. ^{85/} For a sample of YCCIP projects, the estimated output per dollar of costs was \$.50, with \$.46 in value added per dollar of participant wages. ^{86/} The simpler YCCIP projects had a higher output payoff because they were organized to do the type of work which youth could already perform or could master with very little effort, and there was limited expense for training and supervision. In contrast, the VICI projects involved work which required skills training and in which youth were relatively less productive. Output improved dramatically as VICI projects ran their course and participants acquired skills, whereas the productivity of YCCIP projects did not improve with time. For instance, over the course of a year, the value of output per hour in one of the VICI projects most carefully studied rose by 15 percent reflecting the learning of participants. ^{87/}

The post-program employment rates of VICI participants three months after termination were roughly the same as those of a control group of youth not selected for VICI and participants in comparably large-scale work projects not emphasizing training, although they were higher than for regular YCCIP participants. However, the hourly wages were higher for VICI trainees because they more often found their way into construction jobs and unions (Table 3.19). The benefits were largely realized by the 19- and 20-year-old participants.

Table 3.19
Post-Program Employment Impacts of the Ventures
In Community Improvement Demonstration

	Three-Month Follow-Up Status			
	VICI Participants	Control Group Nonparticipants	Participants in Comparably Large-Scale Work Projects Not Emphasizing Training	YCCIP Participants
Employed	36.8%	34.3%	36.0%	25.8%
Employed full-time				
17-18	29.4	35.7	33.6	26.5
19+	43.0	33.9	41.4	29.9
Employed skilled construction (percent total)	6.1	3.4	3.3	3.8
Union membership (percent total)	7.8	0.9	5.9	1.8
Average wage among employed				
Total	<u>\$4.51</u>	<u>\$3.88</u>	<u>\$4.42</u>	<u>\$3.31</u>
17-18	4.08	3.35	3.38	3.31
19+	4.78	3.88	4.42	3.31
Average wage among all terminees (earnings divided by total hours of employment)				
Total	<u>\$1.66</u>	<u>\$1.33</u>	<u>\$1.36</u>	<u>\$.89</u>
17-18	1.20	1.20	1.14	.88
19+	2.06	1.32	1.83	.99

Source: Corporation for Public/Private Ventures. Ventures in Community Improvement demonstration, unpublished findings.

The VICI experience demonstrates that organizing work projects as training sites, and establishing linkages into the labor market through the hiring of journeymen as supervisors will increase the likelihood that competencies will be gained and translated into job and apprenticeship access. While only a minority of participants actually realize these opportunities, the extra gains of this minority account for net impacts from enriched projects which probably justify their added costs (assuming that regular work experience activities such as YCCIP have no post-program net impact).

Expediting Work Force Entry

The Summer Youth Employment Program (SYEP) was initially developed and continues to be supported primarily as a way to "keep the streets quiet." By providing a first work experience to young people who would not otherwise find work until later in their teens, the summer jobs will hopefully ease the school-to-work transition problem. It is also anticipated that the provision of income and earnings will to some degree forestall economically motivated early school leaving.

Evidence suggests that summer employment does keep the streets quieter. The arrest rates of participants in one large multi-site summer demonstration focused on high-risk youth (one-fourth adjudicated offenders) were 1.5 per hundred among participants but 3.2 per hundred among controls during the summer months. For the offender subgroup, the rates were 4.9 per hundred for participants compared to 6.7 per hundred for matched nonparticipants. The summer enrollees age 14-17 at entry had a 1.4 per hundred rate compared to 4.1 per hundred for controls. ^{88/} These results might be contrasted with the negative findings of the supported work experiment. Supported work served an older group (seven of ten participants were age 18 or over, compared to just one in five summer enrollees). It appears that the type of trouble with the law which occurs for young teenagers during summer idleness can be deterred by constructive options even though the types of crime committed by older, out-of-school youth are not affected by work.

Summer jobs also have a positive impact on return-to-school probabilities. Only a minority of the summer enrollees are at risk of dropping out, but a significant share of these are affected. Among a national sample of 1979 summer participants, 6.1 percent did not return to school, compared to 9.4 percent of a comparison group of nonparticipants. ^{89/} The multi-site summer demonstration with high risk youth found the portion not in school or training at the three-month follow-up point was 26 percent for the participants compared to 30 percent for matched nonparticipants. ^{90/} Under the Youth Incentive Entitlement Pilot Projects, the guarantee of a summer and part-time school-year job for all poor youth remaining in or returning to school increased the share of dropouts reentering school the next fall from 22 percent to 36 percent and the proportion of underclassmen returning the next school year from 76 percent to 80 percent. ^{91/} Since many enrollees chose to work only in the summer, the vast majority of employment hours under Entitlement were in the summer months; thus, the school retention and return effects were largely the result of summer employment.

The basic issue, however, is whether the summer work experience accelerates entry into the work force. There is no question that the disadvantaged youth served by the summer program would otherwise have few employment opportunities. In 1980, 43 percent of the 700,000 summer participants were age 14 or 15, and an additional 39 percent were age 16-17. Among these disadvantaged and largely (66 percent) minority youth, 53 percent had no earnings in the previous year, and 37 percent had earnings less than \$1,000. Only 29 percent worked in the previous summer, and since 17 percent were previous CETA participants, it is a safe bet that, for many, the previous employment was in the summer program. 92/ In contrast, 25 percent of all 14-15 year-old students reported employment while in school in March 1979, as did 48 percent of 16-17 year-olds. Three-fourths of 16-17 year-olds, six-sevenths of the 18-19 year-olds, and half of 14-15 year-olds held a job at some point over the course of the previous year, which would yield a weighted work experience rate of 66 percent in contrast to the 47 percent rate for summer program entrants. 93/

The opportunity to begin working at an earlier age or more nearly at the same time as nondisadvantaged youth, accelerates the labor market entry process, increasing the likelihood of combining school and work. Three months after the end of the 1979 summer program, 25 percent of participants, compared to 19 percent of nonparticipating controls, reported that they had worked since the summer or were currently working in part-time jobs. The part-time employment effect was most marked among 14-to-16-year-old black males with low reading skills, limited knowledge of the world-of-work, and low self-esteem, as well as for black and white females this age sharing these employment handicaps at entry. Among such participants, the rate of post-program part-time work was 34 percent, compared to 10 percent for controls. 94/ The large-scale demonstration program with high risk youth also documented an increase in part-time employment over the three-month follow-up period, with a rate of 14 percent for experimentals, compared to 8 percent for controls. 95/

In summary, work experience can be useful for young people in advancing the process of workforce entry. It can be combined with training activities in a sequence, with benefits roughly proportional to the degree of training in the activity mix. A worksite may be structured as a training site and can yield some of the benefits of classroom and on-the-job training while producing useful output, but this model is the exception rather than the rule in local work experience programs. In most other circumstances, the subsidized work will only have post-program impacts if it serves as a try-out or on-the-job training mechanism for an existing unsubsidized job in the public or nonprofit sector.

Benefits and Costs for Work Programs

The limited post-program earnings impacts of work experience do not necessarily mean that it is a poor investment. For instance, administration, services, and training under public service employment amounted to less than 5 percent of the total cost in fiscal 1976. If participants produced an output valued at close to their wages and salaries, and if the post-program gains of \$350-\$750 annually were, indeed, net benefits to society, there is no doubt that benefits exceeded the costs. The uncertainty is whether the post-program gains--which resulted largely from

increased unsubsidized public sector employment--were, indeed, net benefits. If the employment of PSE participants in regular public sector jobs resulted in displacement of other similar workers who would have been hired, there was no net social benefit. If the participants were more disadvantaged than those ordinarily hired, and the jobs were secured through leverage, these workers might have performed less effectively so that the increased post-program employment would not necessarily represent a social benefit. Only if the subsidized work experience provided training for the subsequent job, so that skills improved, and only if the participants subsequently performed at the same levels as other hires, would the post-program earnings gains equal benefits (and, then, only to the extent that wages in the public sector were not inflated).

The supported work experiment provided the only careful benefit-cost estimates for project-type work programs for the severely disadvantaged. Using essentially the same methodology as in the Job Corps evaluation, benefits and costs were calculated for each of the separate target groups of supported work:

Supported Work Benefit-Cost Estimates

Participant Group	Low	High	Benchmark Estimate
AFDC	1.4	2.4	2.2
Ex-addicts	1.0	3.1	2.2
Youth	0.2	0.9	0.7
Ex-offenders	0.6	1.3	--

The output produced by the supported work projects was estimated to offset 65, 77, 68, and 64 percent, respectively, of the costs of serving each of these target groups. For the AFDC group, the present value of in-program and projected post-program earnings gains were 32 percent above the costs. However, for ex-addicts the present value of post-program gains represented only 15 percent of costs, and for youth only 1 percent. But for ex-addicts, the present value of crime reduction was estimated to equal the cost. Clearly, then, work experience can pay off even if it produces meager post-program changes in employment and earnings if the value of output substantially offsets the costs, and if the groups served are high risk so that their foregone earnings are limited and the chances of reducing crime or drug abuse are higher. 96/

SECTION 5. A THEORETICAL PERSPECTIVE

The purpose of training is to improve the ability of individuals to compete and perform in the labor market. The impact of training is ultimately determined not only by its quality, intensity, and targeting, but also by the characteristics of the labor market in which it functions. Where there are few job vacancies and an excess of already trained workers, training will obviously have less payoff for participants and the economy than in a dynamic labor market experiencing rapid employment growth and technological change. Where discrimination is prevalent, the payoff of training will be limited for its victims. To the degree that skills and potential are measured by credentials rather than demonstrated capacities, those trained but without acceptable credentials may not get jobs while those who attain credentials even though lacking commensurate skills may reap the rewards. Where firms limit hiring to entry jobs, filling all advanced opportunities from within, or where the only available jobs are in a secondary labor market characterized by low wages, high turnover, and constrained opportunities for advancement, then the options for training may be very limited. If career paths are a series of stepping-stones rather than tracks, if the trainees enter a competitive labor market with their chances improved but training-related jobs not assured, if employment chances are rationed according to past accomplishments as much as current abilities, and if job requirements are unstated, then training payoffs will not be as direct or certain as when job requirements are known and workers will be hired if they have the necessary skills whatever their backgrounds.

There are a number of theories and concepts describing the labor market and how it functions. These give differing weight to competitive processes, discrimination, firm-specific job structures, knowledge on the part of employers and jobseekers, employment barriers, and other factors. As a result, these theories have significantly different implications concerning the impact and effectiveness of training.

The neoclassic marginal productivity theory, and the human capital investment notion which is based on this theory, provide a reasonable description of the aggregate levels and broad distributions of employment, earnings, and wages. However, the assumptions of these concepts become less realistic and the applications less predictive as the focus narrows. The theories of credentialing, discrimination, labor market segmentation, and internal labor markets or job structures have been introduced to explain the anomalies in neoclassic predictions. They suggest that labor is anything but homogeneous, that skills and abilities are not easily determined, that acquired skills may not be recognized without credentials, that they may not pay off equally for different groups, that the labor market may not recognize training which occurs outside the workplace, or even worse, may seek to maintain an unskilled, high turnover labor force. Probabilistic and Markovian labor market theories suggest that the chances of employment and skill utilization at any one point in time affect those at the next point in time in a cumulative fashion for each individual and group. As a consequence, there are limits to what can be achieved by limited duration interventions that can only alter a few variables in the complex probabilistic equation which predicts labor market success. While

immediate chances can be improved, and while this may lead to cumulative and positive effects, there are no certain routes and the future cannot be easily rewritten.

Each of these sets of labor market theories and concepts is appropriate in certain circumstances and for certain purposes. Yet they offer differing and sometimes contradictory guidance vis-a-vis the role and impacts of training. Some conceptual integration of these theories is needed to provide a framework for the diverse information about the substance, impacts, institutional arrangements and outcomes of training. One possible integration is as follows:

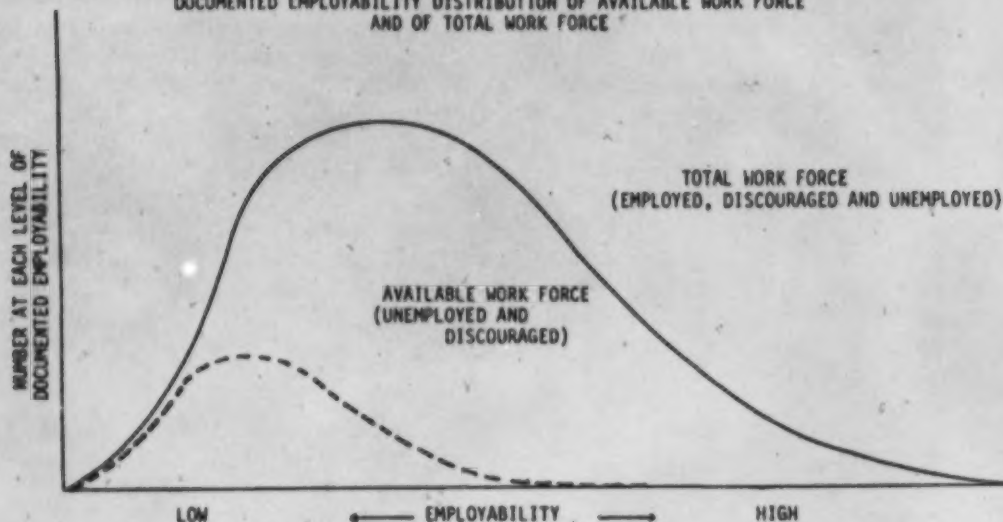
Ranking Jobseekers According to Documented Employability

Workers and would-be workers at any point in time can be ranked in terms of "documented employability"--a combination of academic credentials, vocational training, work experience, and employer recommendations, along with age, race, sex, and other demographic characteristics. The mix of factors used to document employability, and the weight they are given, will vary in different situations. At the lower end of the employability ranking, evidence of dependable work habits, a high school diploma, and the lack of black marks such as a criminal record, make one individual a better bet than another who has no work experience and a GED rather than a regular diploma. At the upper end of the scale, the differentiating factor may be a sheepskin from an Ivy League rather than community college, or previous employment with firms recognized for their strict hiring and employment standards or their high quality staff development programs.

While these employability determinants and rankings cannot be translated into specific mathematical functions, there is no doubt that employers undertake such calculations each time they make a hiring decision. The factors which enter into their rankings are those that can be documented or observed, i.e., the types of information usually found on applications for work. Essentially, the employer must make a judgment about each individual based on the averages for persons with similar characteristics. Until persons are placed in a job, it is hard to tell whether they will perform better or worse than the averages for similar persons. A variety of supplementary approaches may be used to discriminate beyond what is readily observable--for instance, extensive interviews, reference checking, and test batteries--but these screening devices merely narrow the range of uncertainty, rather than eliminating it.

Persons who are available for work at any point in time--the unemployed and discouraged--will have, on average, a lower level of documented employability than those who are employed and will be more concentrated in the lower tail of the employability distribution. This is because entrants and reentrants into the labor force who have limited prior work experience and skills, as well as the long-term unemployed who are unable to find work in the competitive labor force, are overrepresented among the unemployed and discouraged. Yet the available work force also includes some individuals with significant employability who are simply facing temporary problems or are carefully shopping around for jobs (Figure 3.12).

FIGURE 3.12
DOCUMENTED EMPLOYABILITY DISTRIBUTION OF AVAILABLE WORK FORCE
AND OF TOTAL WORK FORCE



The individuals at the lowest tail of the documented employability distribution of the available work force include the mentally retarded, emotionally disturbed, drug addicts and others who have the most severe impediments to employment. Next are young school dropouts with limited work experience, ex-offenders and perhaps long-term welfare recipients and the physically handicapped. The bulk of high school graduates who have only a few years work experience and no post-secondary or on-the-job training, are concentrated in the next segment, along with female re-entrants into the labor force who may have a higher level of education but have not had substantial or recent work experience. Prime age workers with measurable skills and longer work histories occupy the central portion of the distribution. The upper tail consists of professionals, managers and technical workers with increasingly specific skills and credentials.

These segments of the distribution are not demarcated. For instance, a high school dropout with limited work experience and with a criminal record might be considered a better bet than others with the same background if he or she completes a pre-apprenticeship program, acquires a GED, or serves honorably in the military. Conversely, the dropout with a dishonorable discharge or an unsuccessful training experience might be shunned by employers willing to hire other dropouts. An experienced worker with an obsolete skill will rank lower than an inexperienced entry worker trained in a new technology.

Varying Potential of Individuals with Similar Credentials

Individuals in the available work force who are ranked at the same level of documented employability may nevertheless vary in their ability

and readiness to function in the typical job which will hire them. They may also differ in their capacity to learn once on the job, to improve their skills and productivity by outside experiences, and to advance in the internal labor market. As an example, young dropouts ranked at the lower end of the documented employability distribution include some individuals who left school because of the lack of challenge, who will blossom in the work place and who have the potential to complete college or to master the most demanding skills. Others may be "street-wise" youth who talk a good game but lack the brains or "sticktuitiveness" to perform adequately on the job or to gain high school level competencies. It is difficult, if not impossible, to distinguish at the hiring door between these individuals. As another example, three high-school graduates may each have had five years of intermittent experience in construction work. One may be an extremely hard worker, another may do just enough to get by and not be fired, and the third may have been fired from jobs, but in another city where references cannot be easily checked. The differences cannot be ascertained until after the hiring decision.

The labor market, the education system, and time itself serve as sorting mechanisms and proving grounds which test potential and document success or failure, translating potential into documented employability. Thus, there will probably be less variance in potential among individuals ranked at the upper end of the documented employability distribution. Because the stakes are greater for the employer hiring for more skilled jobs and the individual seeking more skilled work, much more care is taken in specifying requirements and determining individual skills and abilities. But, the frequent turnover of even the highest level executives suggests that uncertainties remain.

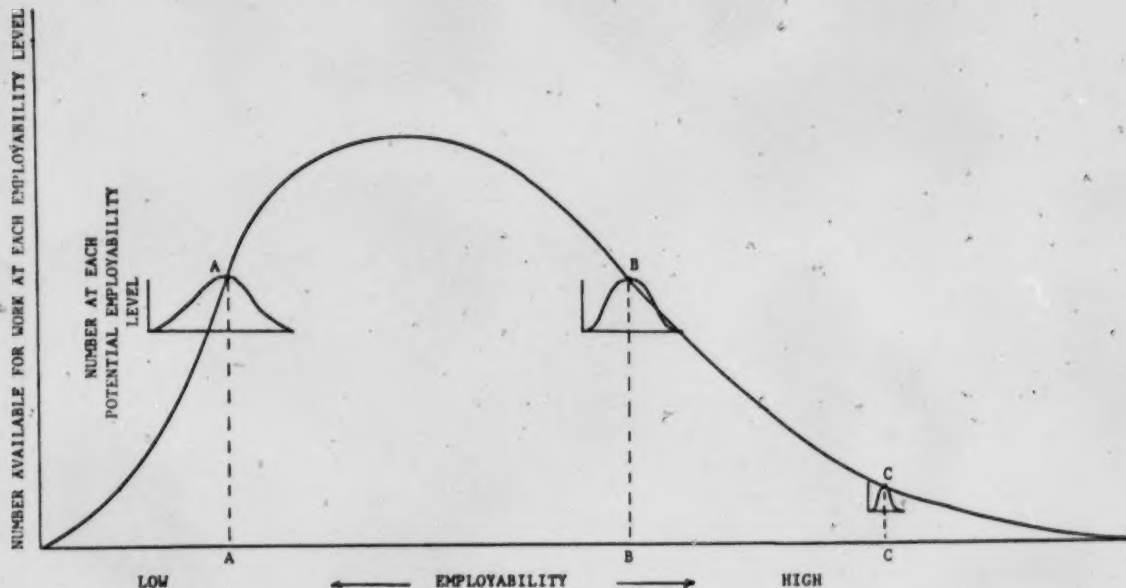
Varying priority may be placed on the two basic factors determining potential employability--the ability to perform immediately and the capacity to improve and advance. At the lowest end of the employability distribution, the capacity to learn and advance may be given modest weight by employers who are concerned with present needs and expect little more from employees. For instance, employers hiring teenagers during the summer or the hard-core unemployed for transient jobs are rarely doing so with the expectation that such workers will stay and advance. Future potential is probably given more weight at mid-levels in the employability distribution, but less at the highest levels where the individual is paid to deliver the skills and abilities which are more precisely documented. Employers hiring workers at any specific documented employability level will also vary in the weight they give present vs. future potential. Some employers are more concerned with immediate capacity, others with the future capacity, but in setting the documented employability level required for the job, they implicitly accept the average immediate and future potential among persons at this level.

The weight given in employability documentation to any observable factor depends on its ability to distinguish between the likely performance of individuals with and without this feature. Thus, dropout youth are all ranked low because, on average, they are poor bets. It is difficult to distinguish between them and thus risky to hire them directly into career-entry job since there is a high chance of failure, even though a large percentage might also be able to succeed. Obviously, individuals

with high potential, but characteristics usually associated with negative performance or simply greater uncertainty, will suffer. Race or sex may be used as a shorthand in identifying likely performance, disregarding that the variance among persons of the same race will be quite large. Such statistical discrimination, which assigns to each person with an attribute the average potential of all persons with this attribute, may be justified from the employer's perspective to the extent it is based on experience rather than prejudice, yet the result is to handicap those minorities or females with above average potential. Such discrimination may also be compounded by racism or sexism. For instance, an employer may act on a stereotype concerning a race or sex group without a statistical experience base to document these judgments. Likewise, where employment experiences are cumulative, past statistical discrimination can have cumulative impacts, i.e., those victims of discrimination with innate potential have less of a chance to prove themselves and to develop.

The distribution of potential employability among individuals at each level of documented employability can be illustrated by an overlaid distribution (Figure 3.13). Those with documented employability level A

FIGURE 3.13
POTENTIAL EMPLOYABILITY DISTRIBUTIONS AMONG PERSONS WITH LOW, MEDIUM
AND HIGH DOCUMENTED EMPLOYABILITY

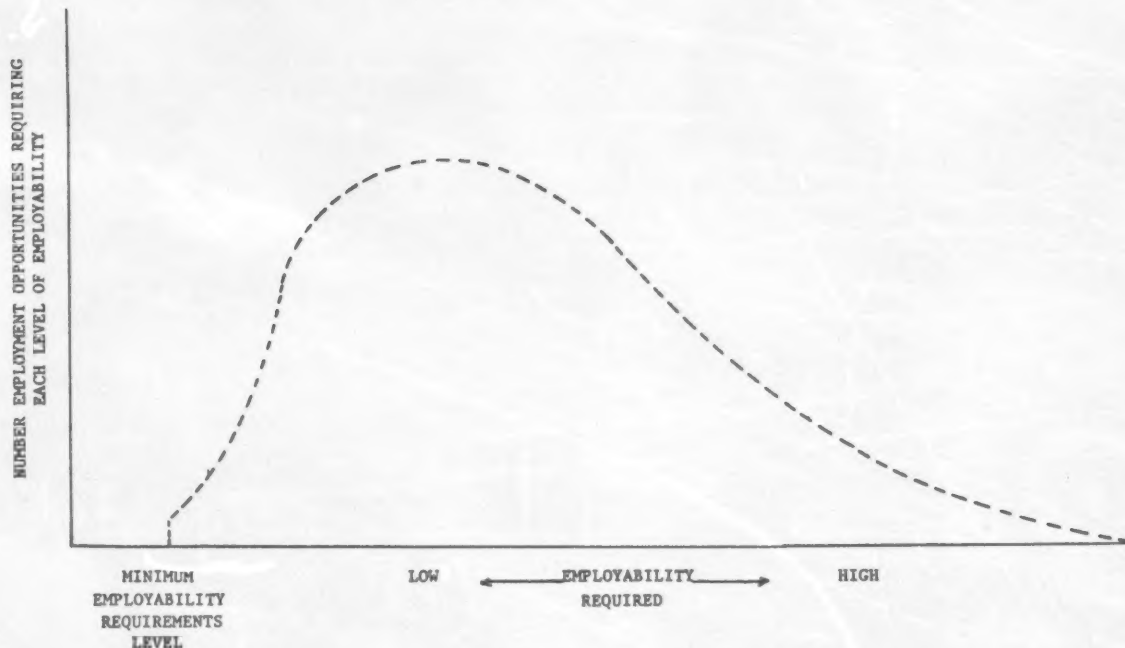


can be ranked according to potential employability as represented by the curve intersecting the documented employability distribution at this point. The distribution of potential at documented employability level C illustrates the lesser variance in potential posited at higher levels of documented employability.

The Demand for Workers with Each Level of Documented Employability

The employment opportunities available at any point in time, which are reflected in want-ads and job vacancy measures, may also be ranked according to the standards that the employers set for entry workers, i.e., their "documented employability requirements" for the jobs (Figure 3.14). At the high end of the distribution are the most technical, desirable and remunerative jobs with the "best" employers. In the lower tail of the distribution are the menial, undesirable and low-paid "secondary labor market" jobs which can utilize workers who lack training or previous experience. These jobs are often structured in the expectation of high turnover. By reaching far down the labor queue, they will accept workers of widely varying potential, fire those with limited ability, and not be concerned when the workers with greater ability soon leave for greener pastures. There is a minimum employability requirement--individuals with documented employability below this level will not be hired without subsidy. The floor is determined, in part, by the minimum wage, but more significantly, by the aggregate balance of jobseekers and jobs, and by the fact that workers with severe handicaps are likely to subtract from, rather than add to, output because of the high probability of turnover and the need for extra training and supervision.

FIGURE 3.14
AVAILABLE EMPLOYMENT OPPORTUNITIES BY DOCUMENTED EMPLOYABILITY REQUIREMENTS



The pressures of supply and demand in the labor market determine the requirements which are established for any set of jobs. Every employer wants the best possible workers but must settle for an average skill level among new hires which, in neoclassical terms, will earn its marginal revenue product. If the overall labor market is slack, and a firm can get more qualified or lower risk workers at the same compensation, the employer

will usually increase the documented employability requirements. Conversely, in tight labor markets, when there are fewer skilled workers available and they must be paid more, the employer will accept workers who in normal times would be considered inadequately qualified.

Varying Potential Among Jobs With Similar Entry Requirements

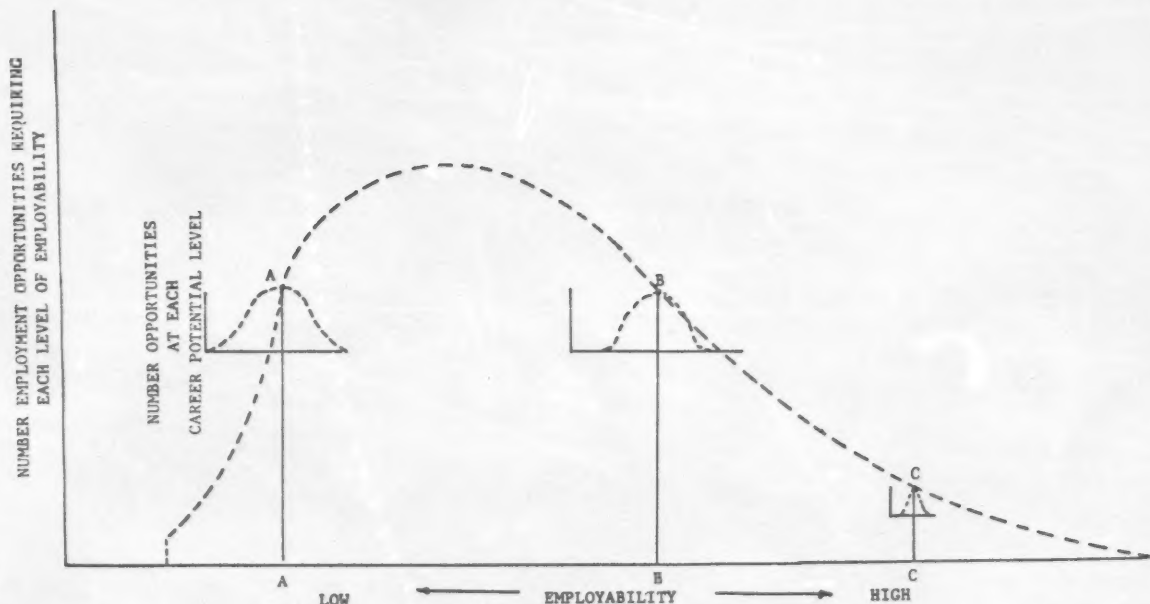
Among the employment opportunities requiring any specific level of documented employability, there is significant variance in "career potential," i.e., the chances that the average worker who is hired will perform satisfactorily and be satisfied, and that he or she will be able to use this experience as a stepping stone for advancement. One firm may utilize lower level, entry positions to sort among individuals who have low levels of documented employability in order to identify the more able and motivated for training and assignments which will lead to advancement within the internal labor market of the firm. Other firms hiring similar workers provide few rewards for extra effort or continuing employment. A menial job with a compassionate supervisor and friendly coworkers may be much more attractive than a similar job with excessive discipline and an unruly work force. Individual jobseekers will vary in how much they weigh present vs. future considerations. The immediate work conditions are of most importance to the majority of job applicants, since few will stay around for the future opportunities if the job is intolerable, and since future benefits must be discounted to present value. However, those who know they have above average ability compared to others with similar credentials are likely to place more weight on the longer term, and are willing to live with the present if the prospects look good. To the extent positive employment conditions or greater advancement opportunities can be demonstrated, the employer can increase the minimum hiring requirements. However, knowledge is imperfect among applicants, and there is uncertainty whether promises of advancement potential are a "come-on." Moreover, the career potential is not determined solely by the conscious policies of employers. A firm may have high turnover because of suddenly bad labor relations or a few harsh supervisors despite an internal training program and advancement policy, or it might be experiencing business fluctuations which foreclose normal career tracks. A job may offer access to other opportunities without, itself, being attractive, for instance, a job in a placement agency which exposes the agency personnel to a variety of job offers. In other words, the potential of a particular job for the average applicant with requisite skills, or for any particular applicant, cannot be fully determined until after employment.

It is reasonable to assume that the range of career potential in jobs requiring higher levels of documented employability is relatively narrower than for jobs requiring less skills. Because of the higher stakes involved, applicants will invest more time in assessing career possibilities and work settings, while employers with better opportunities will try harder to document and advertise them, so that these factors are more likely to be factored into documented employability requirements. Most law school graduates know which firm to clerk for, or medical students, where to intern, in order to get ahead. Likewise, the outstanding research hospital or law firm can set higher entry standards for recruits because more students want this opportunity. A person choosing between retail jobs

in a variety of local retail stores will have a harder time determining which will offer the greatest opportunity over the long run; one store may have little advantage over another paying the same wage but not offering as many management trainee positions.

While the distribution in career potential of jobs is a hypothetical construct, it can be represented by an overlay at any employability requirements level on the distribution of available opportunities (Figure 3.15). If, as posited, the variance in career potential is greater among entry jobs with lower documented employability requirements, the career potential distribution at point C will be narrower than at point A, as illustrated.

FIGURE 3.15
CAREER POTENTIAL DISTRIBUTIONS AMONG EMPLOYMENT OPPORTUNITIES WITH LOW, MEDIUM AND HIGH DOCUMENTED EMPLOYABILITY REQUIREMENTS

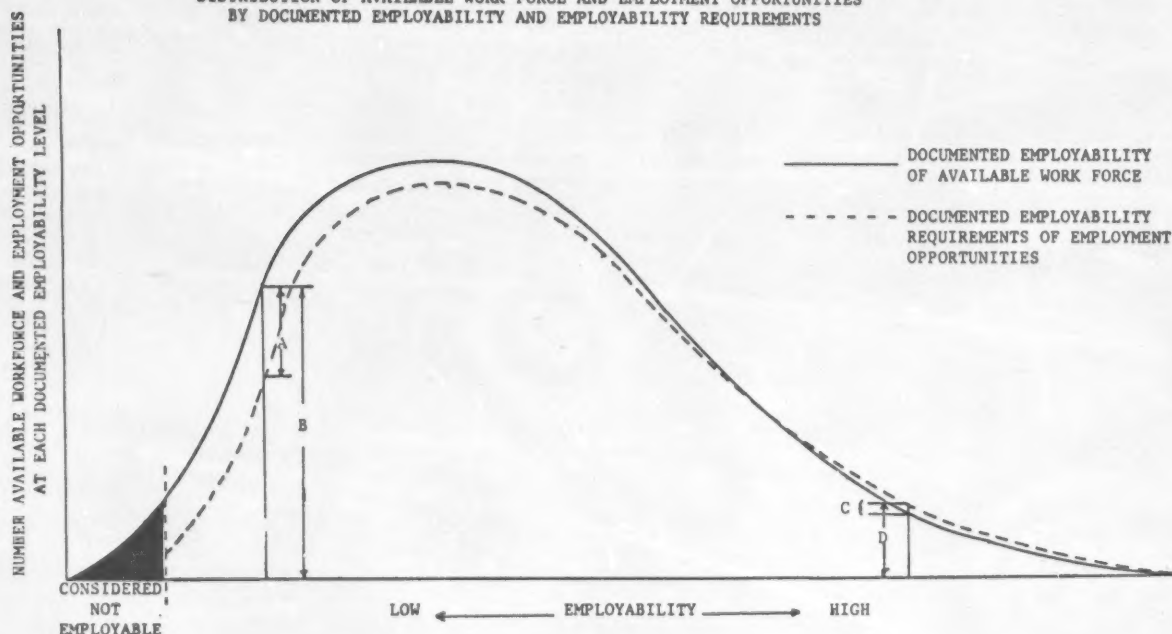


Supply and Demand: The Match-up Between Job Requirements and Applicant Skills

The supply of workers in the labor market can be visualized as a distribution of the available work force ranked according to documented employability, while demand can be visualized as a distribution of employment opportunities ranked according to documented employability requirements (Figure 3.16). At higher levels of documented employability, the number of jobs probably exceeds the number of workers; while at the lower end, there are far more workers than jobs. This is a reflection of structural imbalances at the lower end and skills bottlenecks at the upper end. The ratio A/B is an indicator of the structural mismatch between supply and demand at low skill levels. There are unfilled jobs which could employ

some of the unskilled unemployed and discouraged workers, but not nearly enough to employ all of them. The larger the gap between vacancies and job seekers with the required skills, the harder and more discouraging it is to find work and, hence, the greater the probability of long-term joblessness among persons with this skill level. The shaded area at the lower end of the distribution represents the portion of the available work force which

FIGURE 3.16
DISTRIBUTION OF AVAILABLE WORK FORCE AND EMPLOYMENT OPPORTUNITIES
BY DOCUMENTED EMPLOYABILITY AND EMPLOYABILITY REQUIREMENTS



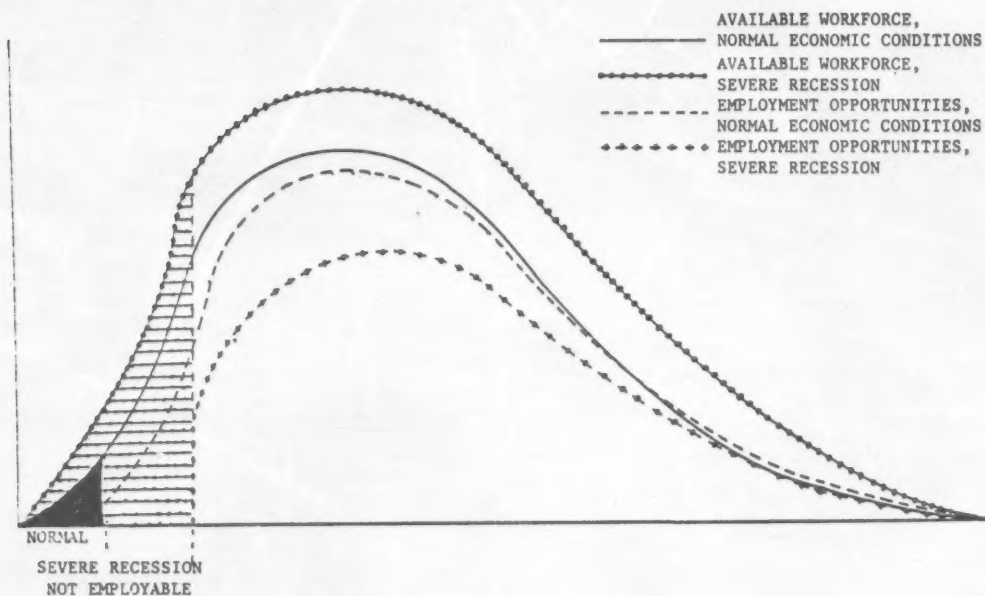
is considered superfluous or nonemployable under existing conditions, i.e., they fall below the minimum employability requirement. At higher levels of employability, the ratio C/D reflects "skill bottlenecks" where employers are chasing workers who have desirable skills--computer software experts, geologists, engineers, or persons with demonstrated management ability. In this situation, joblessness is usually temporary and transitional among unemployed individuals with advanced skills.

These curves may be used to portray conditions at any point in time in the national economy or a local labor market. Economic conditions, technology, demography, past and present human resource investment policies, structural barriers, and the efficiency of labor markets determine the shapes of and the gaps between, the distributions of employment opportunities and available workers. Some of the likely interrelationships are suggested by the following alternative scenarios:

Scenario 1: A severe recession will shift the employment opportunities distribution downward, more so at the lower end of the skills distribution (Figure 3.17). As the ratio of total opportunities to available

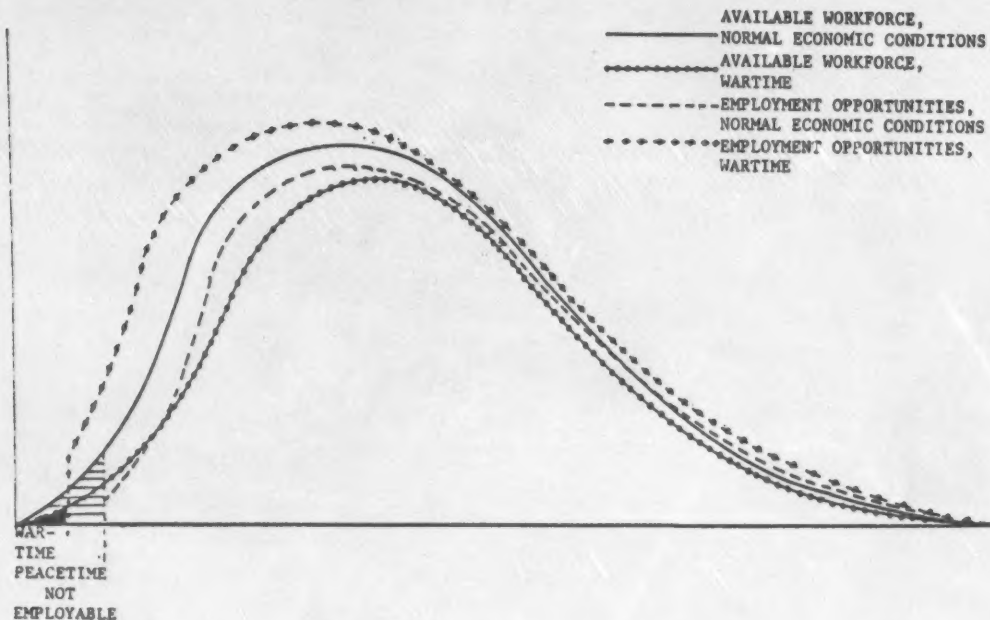
workers declines, employers can and do raise minimum hiring standards. The available work force at all levels increases, exacerbating the structural problems at the lower end of the distribution, and in particular, increasing the number of individuals ranked below minimum employability requirements. But the recession reduces the number of employment opportunities below the number in the available work force even at the highest skill levels, so that the professionals who lose their jobs have a hard time finding new ones at the same level even though the number without work may be small relative to the total employed and the unemployment rate low relative to that for unskilled workers.

Figure 3.17
Available Work Force and Employment Opportunities
Distributions in Severe Recession and Under Normal Circumstances



Scenario 2: In a wartime economy, the available work force is reduced by military conscription, affecting mostly young men otherwise concentrated at the lower end of the documented employability distribution (Figure 3.18). At the same time, there is a significant increase in the manufacture of military consumables, with greatest impact at the lower and mid-ranges of the employment opportunities curve as manufacturing jobs expand. Employers tend to lower their documented employability requirements, gladly accepting "Rosie-the-riveters" who would be excluded in normal times. The employment opportunities curve may shift above the available work force curve even at low levels in the employability distribution, creating inflationary pressures and leading to wage compression during wartime.

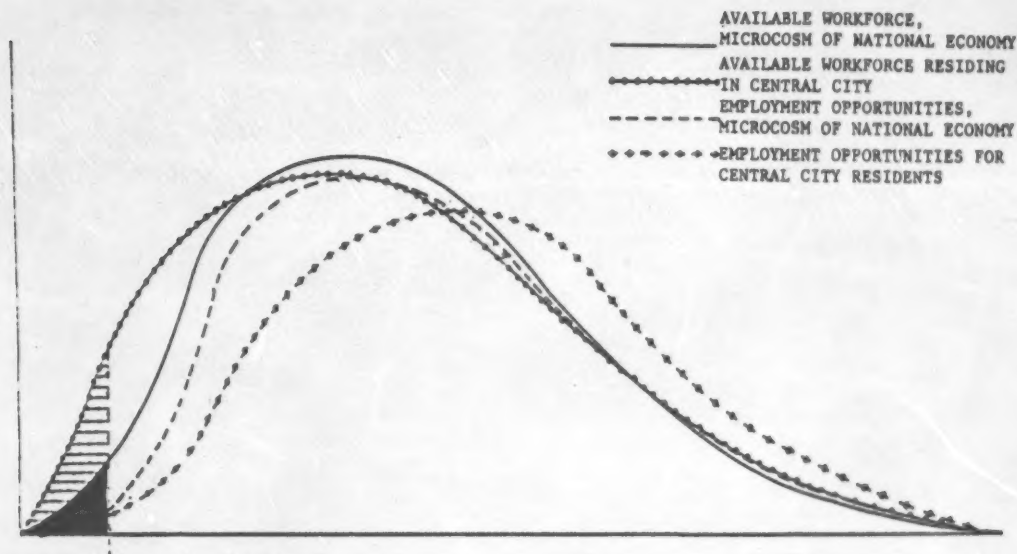
Figure 3.18
Available Work Force and Employment Opportunities Distributions in
Wartime and Under Normal Circumstances



Scenario 3: A central city economy, contrasted with a microcosm of the national economy, has an abundance of available workers at the lowest skill levels (Figure 3.19). A large share of central city residents have no real chance of employment. The city might also have a disproportionate number of highly skilled and professional workers, because these workers are able to afford the high costs of residing in protected central city enclaves, because they are attracted by the city's amenities, or because professional employment opportunities are concentrated in the city. The middle class workforce is less in evidence because manufacturing, wholesale and retail jobs, along with the workers who fill them, have moved to the suburbs.

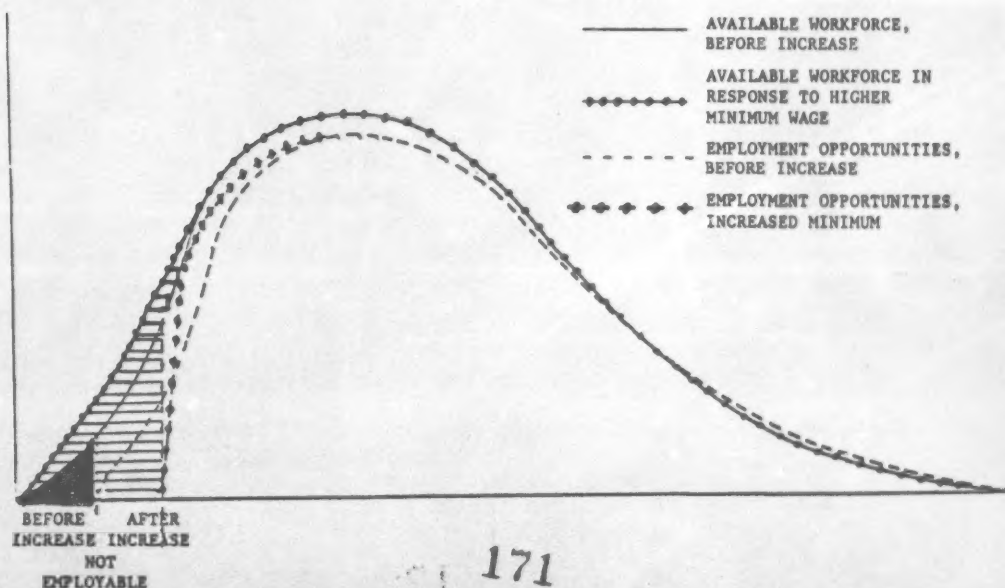
Scenario 4: An increased minimum wage will probably increase the number of job seekers at the low skill levels because work is made more remunerative, but it will also raise the threshold employability requirements of employers while increasing the opportunities which require skills just above the threshold as labor intensive firms go out of business, substitute capital for workers, or workers whose productivity is slightly

Figure 3.19
Available Work Force and Employment Opportunities
Distributions in Central City and Microcosm of National Labor Market



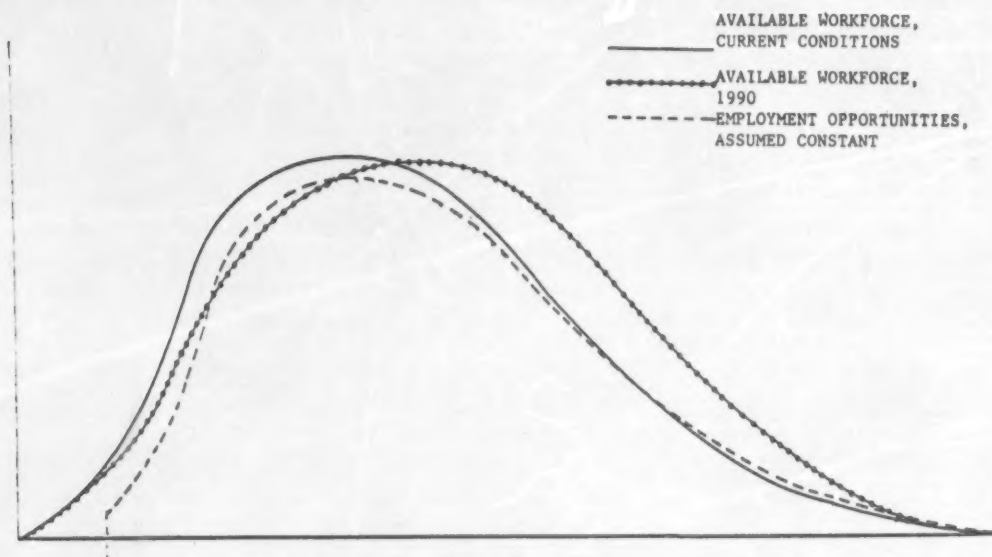
above the minimum for those slightly below (Figure 3.20). The result is to increase the portion of the population considered nonemployable. If the employment opportunities distribution is steeply sloped but not "cliffed" at the minimum, which is the most realistic assumption, the effect is to increase the difference in employment probabilities between those below and those above the juncture where the employment opportunities distribution begins to slope steeply. (For convenience, the minimum employability levels in the other charts are portrayed by perpendicular lines.)

Figure 3.20
Available Work Force and Employment Opportunities
Distributions Before and After Increase in Minimum Wage



Scenario 5: Demographic and labor force participation changes projected for the next two decades will shift the available work force distribution (Figure 3.21). There will be a decline in the absolute and relative size of the youth cohort, as well as a reduction in the annual number of female labor force entrants as the increase in labor force participants deaccelerates and as more women maintain steady work patterns. At the same time, the numbers in the mid-to-upper ranges of the employability distribution should increase as the post-war baby cohort ages into the prime working years, and as females who have steady labor force attachment compete more equally and forcefully for career advancement. The result will be an increase in the probabilities for employment among those at the lowest end of the distribution and a reduction in bottlenecks at higher levels.

Figure 3.21
Likely Shifts in Available Work Force
Distribution Over Next Decade

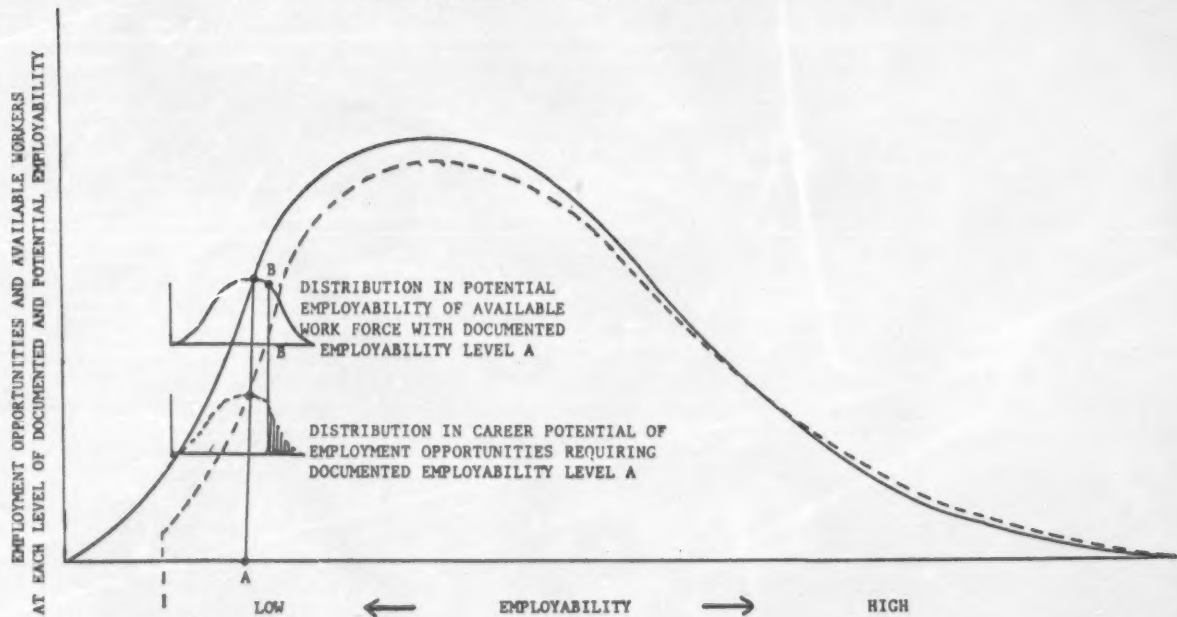


The Match-Up of Job and Worker Potentials

The available jobs requiring any given level of documented employability vary in career potential, while the available work force with any level of documented employability vary in potential employability. The firms offering jobs with greater career potential resulting from their conscious internal labor market policies would prefer to hire workers drawn from the high end of the potential distribution among applicants meeting entry requirements. Likewise, workers who know they have potential and are motivated would like to find the jobs which will offer career ladders and stepping stones. All employers would prefer those workers at any level of

documented employability who will perform better immediately in the job, and all persons in the work force would like the jobs which will prove most compatible and amenable. The problem lies in the inability of either the employers or jobseekers to precisely determine immediate and future potential beyond what is already factored into documented employability requirements of jobs and the documented employability determinants for workers. What occurs, instead, is that high potential workers at any documented employability level have the same chances as low potential workers of finding high potential jobs (Figure 3.22). For a worker with documented employability level A but potential employability B, the chance of matching with a job that fully utilizes potential is proportional to the ratio of the lined area to the total area under the career potential curve (and is, of course, also related to the gap between employment opportunities and the number of available workers at documented employability level A which determines the chances of getting any job).

FIGURE 3.22
THE CHANCES OF MATCH-UP BETWEEN HIGH POTENTIAL
WORKERS AND CAREER POTENTIAL JOBS



Those workers with greater potential who chance to make the match with jobs which offer commensurate career potential will perform well and subsequently move up, translating potential into documented employability. Many of those who do not get into high potential jobs will become dissatisfied with the lack of advancement and will try again, giving them another chance for a higher career potential job match. Over time, an increasing portion of those with higher employability potential will match with career potential jobs and will acquire work experience and training that moves them forward in the documented employability ranking. In contrast, individuals with less potential will be more likely either to stabilize in the jobs in which they are initially hired or to be fired and

to subsequently bump from one position to another. These "failures" may, in fact, move down the documented employability ranking over time. Thus, frequent unemployment and menial jobs will count against a 35-year-old, whereas joblessness or unskilled work would not be as much of a black mark against a 20-year-old. This matching and iterative process is far from perfect. Some individuals with high potential may never make an appropriate match; after repeated attempts to find a career ladder, they may give up or else become identified inescapably with the losers who had a chance but failed, so that they move down the documented employability ranking. For these unfortunates, there is an increasing rather than narrowing gap over time between documented employability and initial potential, i.e., they are among the persons occupying the upper tail of the potential distribution among those at lower levels of documented employability, along with individuals who have not had the chance yet to document their ability and who will experience, on average, a declining gap over time between potentials and credentials.

The Role of Employment and Training Programs

These analytical tools can be used to describe the setting and functions of the CETA system. The subset of the available work force that participates in CETA is concentrated at the low end of the employability distribution. This is a consequence of eligibility requirements, i.e., all participants must be from poor families and must be unemployed for a period of time, and priority among those eligible is determined by need factors which are many of the same determinants used by employers to screen out applicants. The low level of subsidized wages and allowances also discourages participation by all but the most needy. Yet among CETA participants, there is variance in both potential and documented employability. Some participants are employable and have reasonable potential, but their employment probabilities are limited because of the depressed labor markets in which they reside. Some have documented employability below the minimum required for unsubsidized employment, yet they have potential to develop if provided help. Others have severe problems which reduce both documented and potential employability below the minimum.

The CETA system in each locality has working relationships with and usually some leverage over a subset of employers--those that are socially motivated, who depend on government contracting, or who are subject to affirmative action pressures, as well as employers who find it cheaper to recruit from CETA than other sources. Conceivably, the employment opportunities which can be accessed by CETA through these relationships and this leverage could equal or exceed the number of participants, since except in the most depressed areas, the number of low-level job vacancies in the entire community will exceed the number of CETA participants, who are usually only a small proportion of the residents with limited employability. More realistically, the prime sponsor will have working relationships with and leverage over a marginal complement of employers, and the jobs it can access add to the employment opportunities available to any person of limited employability, but do not guarantee placements for participants.

These relationships can be illustrated with the documented employability and employment opportunities constructs (Figure 3.23). Among individuals in a local labor market, the number with documented employability level x is represented by E . A subset of these represented by C are participants in CETA. The number of employment opportunities in this labor market for workers with documented employability level x is represented by D . If CETA had no special relationships or leverage with employers, the participants would have the same chances of employment as others with the same documented employability. The employment opportunities for them would be a subset of D represented by A , and the ratio of $(A-C)$ divided by A would equal $(E-D)$ divided by E . But CETA is able to access some of these job opportunities for its participants, represented by B minus A . The more effective the prime sponsor's job development and employer relations, the greater the relative chances for employment among participants compared to nonparticipants, i.e., the more the ratio B/C will exceed the ratio D/E . The larger the share of participants who fall below minimum levels of documented employability as represented by the darkened area, the lower the placement rate that can be achieved by job access alone. Thus, the expected placement rate from CETA, disregarding the quality of human resource development activities which it offers, is affected by its ability to "access" jobs, by the portion of its participants who fall below minimum employability, by the distribution of documented employability among participants, and by the gaps between availability opportunities and the available work force at these levels of employability.

Institutional Training Impacts

Under this scheme, focusing on the subset of employment opportunities and documented employability curves for CETA participants as portrayed in the previous figure, the possible effects of CETA institutional training are threefold: first, to increase the documented employability of individuals; second, to sort and certify the individuals at any documented employability level who have greater potential; and third, to increase potential employability so that the individuals will be more likely to succeed once hired, thereby increasing documented employability in the future.

1. Increasing documented employability. As an example of this effect, a six-month CETA course might serve AFDC recipients who lack a diploma and are thus ranked at documented employability A ; its aim is to prepare them for entry clerical jobs requiring documented employability level B (Figure 3.24). There are some participants (represented by an individual at point 1 on the potential employability distribution) who do not have the capacity--they failed in the schools or turned to welfare because they did not have the mental or behavioral characteristics to learn the basics, and they still lack these traits. They do not gain at all from training because it becomes clear that they do not have the necessary foundation. If the failure to complete training is noted when they apply

FIGURE 3.23
EMPLOYMENT OPPORTUNITIES AND DOCUMENTED
EMPLOYABILITY FOR LOCAL CETA PARTICIPANTS

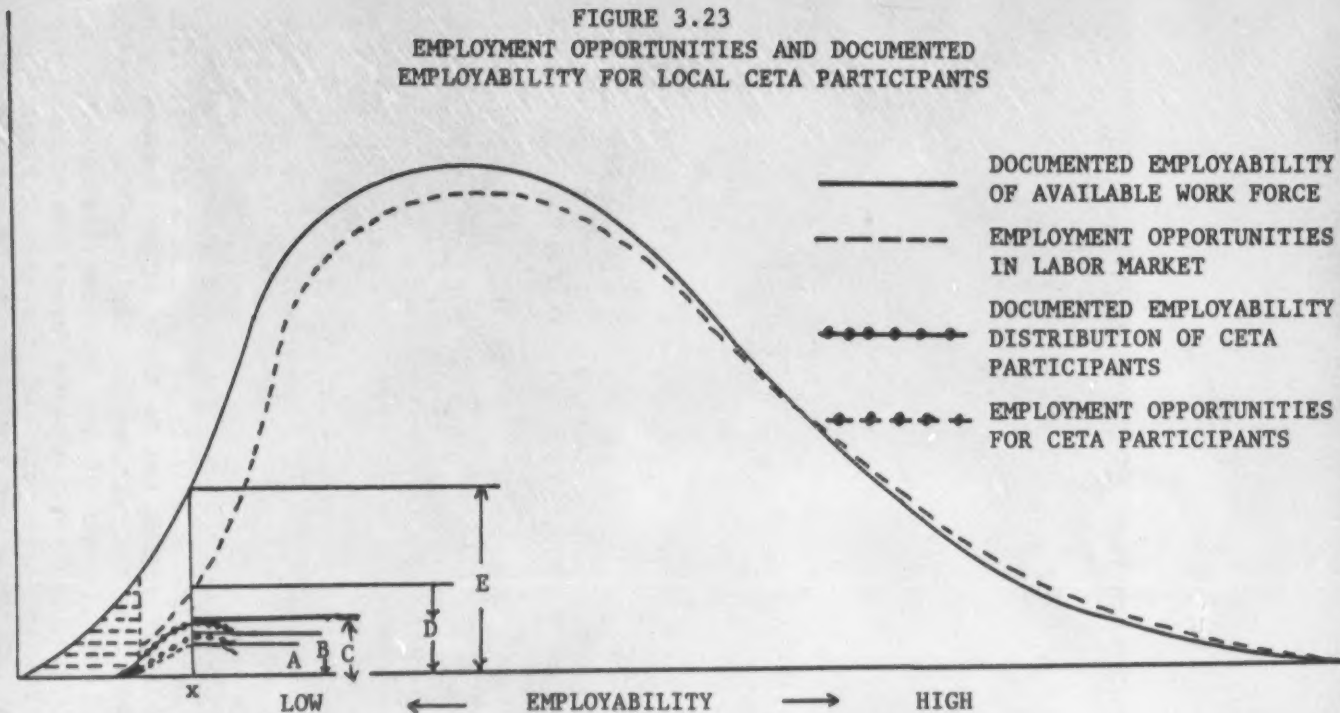
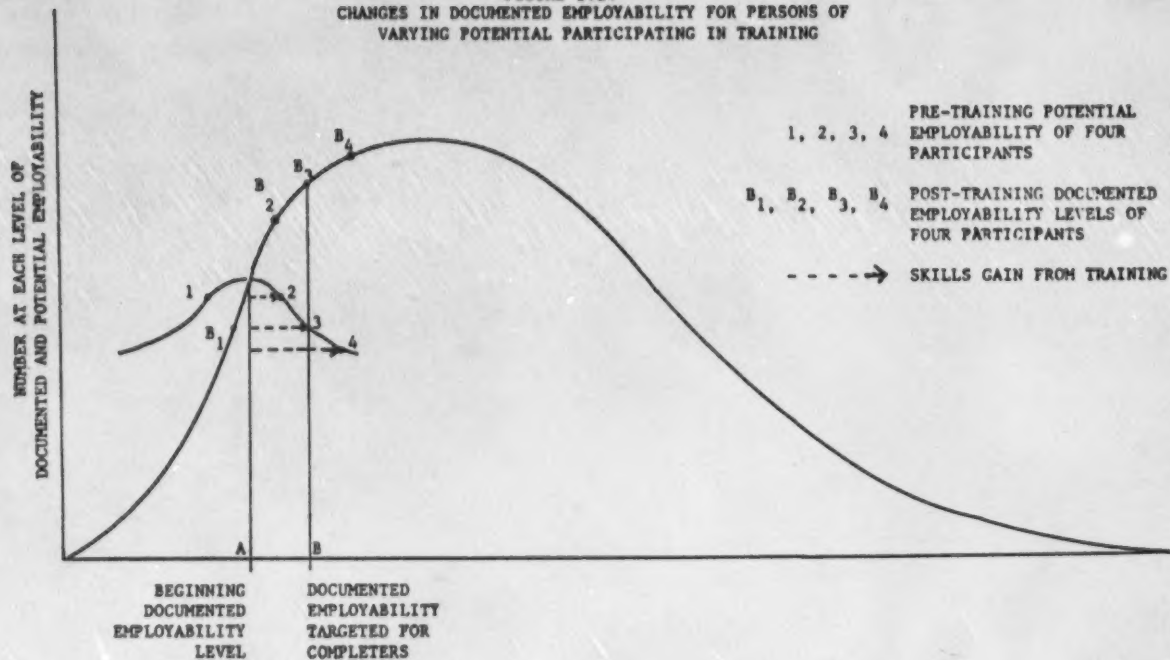


FIGURE 3.24
CHANGES IN DOCUMENTED EMPLOYABILITY FOR PERSONS OF
VARYING POTENTIAL PARTICIPATING IN TRAINING



for the next job, and the employer considers the individual as a higher risk, it may result in a regression along the documented employability distribution; they would thus have documented employability B₁ the next time they seek work. There are some participants (represented by point 2 on the potential employability distribution) who can learn some skills required for a clerical job within six months of training, but not up to the 60-word-per-minute typing standard. If this is the minimum required for a secretarial job, such an individual will remain at the documented employability level A, benefiting not at all from training. If a lesser job can be secured by attaining 40 words per minute, or if the training changes the commitment or attitude of the participant, then the training might lead to advancement to B₂, either immediately or after securing a job and proving commitment. A number of trainees (represented by point 3 on the potential distribution) may just reach the 60-word-per-minute standard because this equals their potential or because it is as far as the course goes. The demonstrable ability to type, or a certification of this skill, will add to their resume and to their attractiveness to employers. They, then, forward in the documented employability distribution to B as intended. Finally, some of the trainees (represented by point 4 on the potential distribution) may advance beyond the scope of the training within the six-months and have potential for even further improvement. If the training is individualized competency-based, if the job requirements are strictly specified, and if there are no institutional barriers, then the quality of training determines the gains in documented employability and the individual could be hired for a job at documented employability level

B₄. However, these conditions are the exception rather than the rule. Even if one of the AFDC recipients advances to 80 words a minute in the six-month course, he or she may be placed in the same job as the one typing 60 words per minute because welfare reciprocity and childrearing responsibilities are considered negative factors or because the employer does not believe in the quality of training or that other skills such as reading and writing are commensurate with typing. This individual would be hired at level B, although, perhaps, subsequently advancing to B₄ by proving greater capacity.

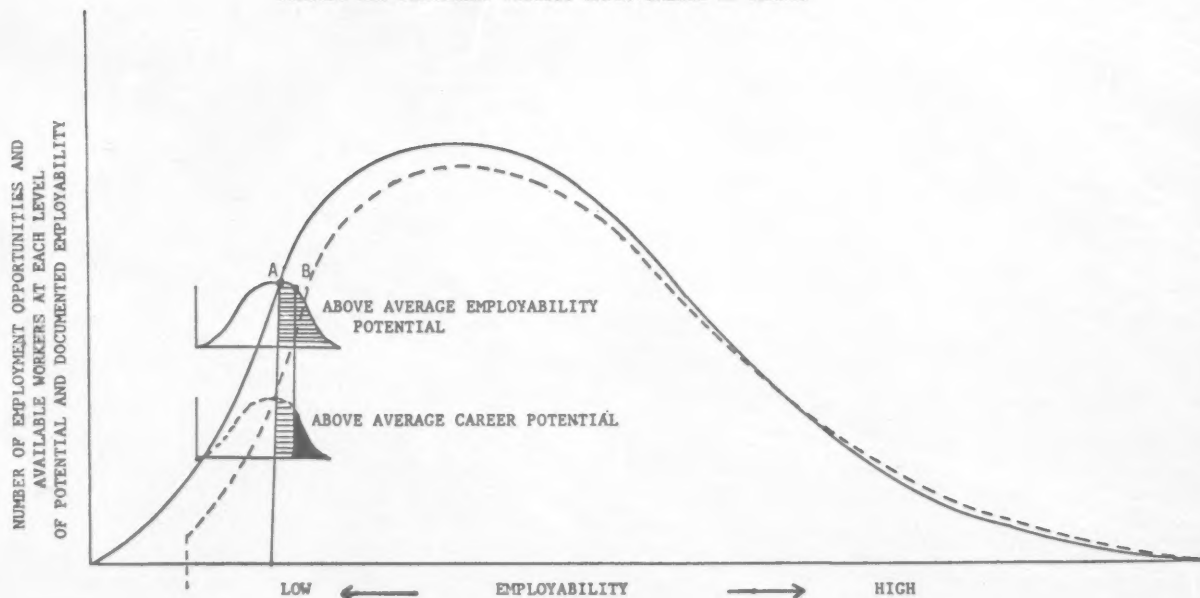
If the training is inadequate, the graduates, on average, will fall short of the skill levels averaged by persons at documented employability level B. If testing is used to document competency, no participants will be accepted at this level because employers will immediately note the inadequacies. If graduates of training lack needed skills but these cannot be easily tested, employers will later discover the deficiencies and will subsequently discount all graduates of the training program, i.e., participation will not be accepted in documenting B-level skills.

2. Sorting. An activity which is nominally labeled as training may, in fact, do little to improve individual skills but may rather serve as a sorting mechanism to better document potential employability. This may work in several ways. The training program may require a waiting period, participation in a pre-entry activity, or simply an extended period of attendance. It may provide the means for closer observation and more detailed assessment than is feasible at the hiring door. Likewise, training may require performance in a set of structured activities which have little relevance to actual jobs but help to identify those who can and cannot master simple tasks. Sorting may also be self-initiated. For instance, a training program may become recognized based on its past track record as a meaningful opportunity, attracting those from the upper end of the potential employability distribution. These individuals know their innate capabilities and are attracted to training which opens advancement opportunities even though employers or program screeners could not distinguish them from persons with lower potential but the same documented employability. On the other hand, if allowances were too high they might attract participants who wanted a free ride, not just persons interested in improving future prospects.

If the sorting occurs before entry into the training activity, the trainees will do better in the labor market than nonparticipants because they have greater potential employability even if the training does not increase either potential or documented skills. Further, it might be possible to market these sorted individuals to employers identified as offering above-average career-potential jobs. This identification is possible if the delivery agent's long-term experience with employers enables it to track the career patterns of individuals hired by different employers, or if employers putting more emphasis on the advancement potential of recruits are attracted to a program which identifies high potential candidates more effectively than can be determined by the employers' own screening devices. In this sense, the training institution is intermediating between the high potential workers and career potential jobs at any employability level in order to increase the successful match-

up chances (Figure 3.25). For an individual at documented employability level A but potential employability level B, the chances of matching with a job equal to or greater than his or her ability is represented by the ratio of the darkened area to the total area under the career potential distribution for employment opportunities at level A. The chances will be increased to the ratio of the darkened area to the lined area if the program sorts above average individuals and matches them with above average career potential jobs. This individual will not immediately move up the documented employability distribution but will have a higher probability of moving up in the future (i.e., post-program follow-up would show evidence of gains which may increase with time).

FIGURE 3.25
SORTING AND PLACEMENT WITHOUT IMPROVEMENTS IN SKILLS

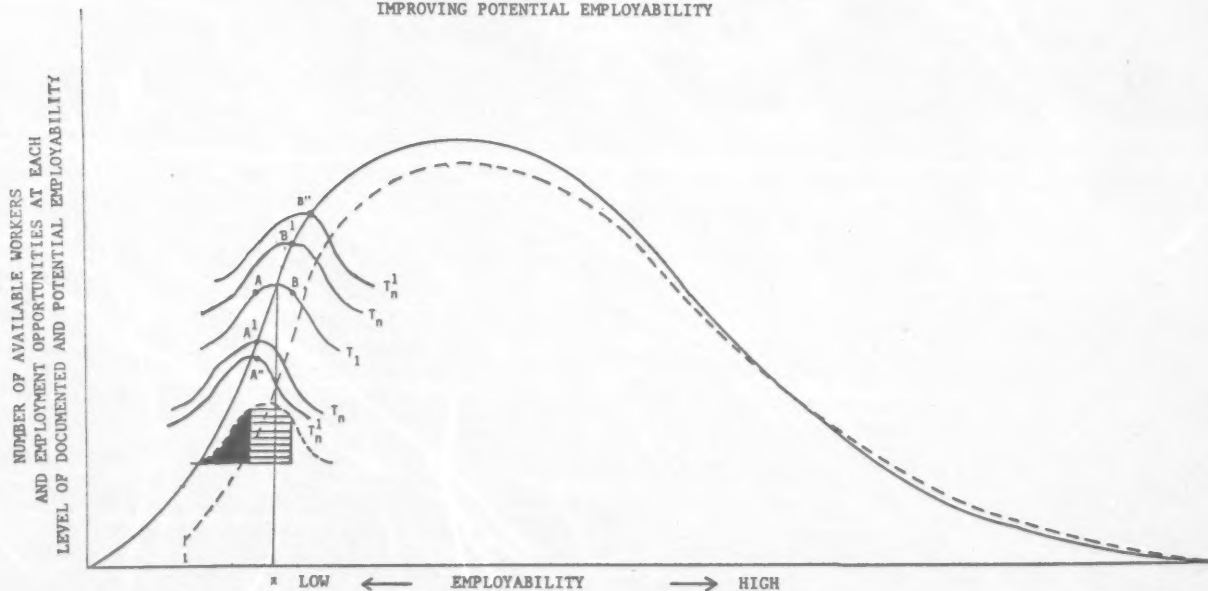


3. Improving Potential Employability. Training may increase potential employability without immediately altering documented employability. For instance, an individual might be taught job mores, his or her self-esteem, maturity, and motivation might be increased, or basic academic skills might be improved (although not to the point where the individual could be academically credentialed). In these cases, an employer would not necessarily be able to differentiate at the hiring door between individuals who had previously received or not received training; but once on the job, performance and advancement would differ and improved potential would be translated over time into increased documented employability. To the extent success breeds success, the initial impact of "getting off on the right foot" might even be magnified.

As an illustration, the training might move the individual from point A to point B on the potential employability curve for persons with documented employability x at time T_1 (Figure 3.26). The participant would not

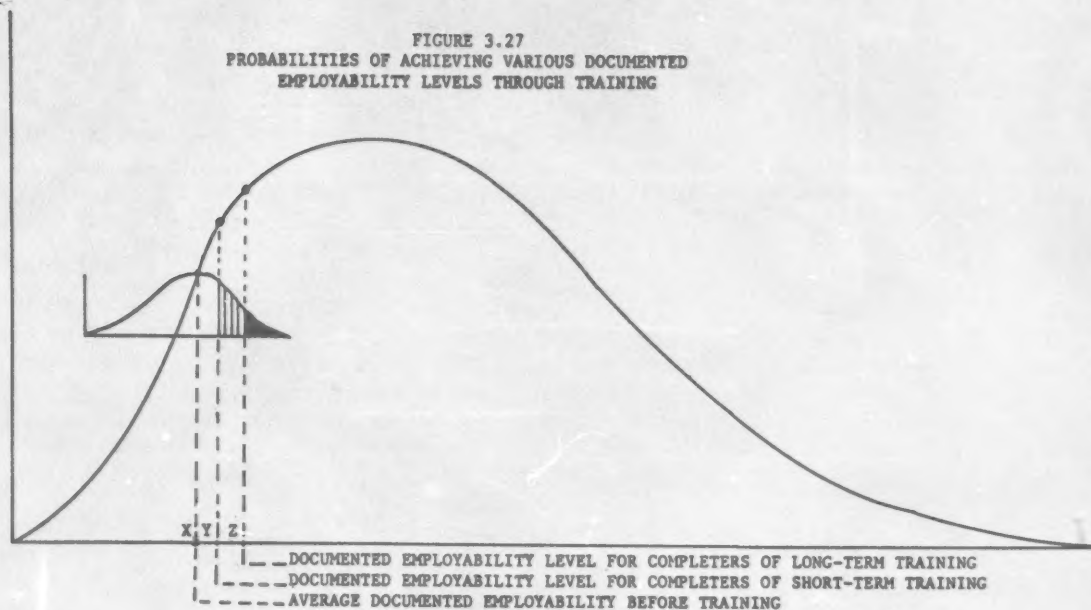
be observably better than similar individuals not trained, nor would he or she have improved employment chances initially. However, the likelihood of success once on a job are represented by the darkened area under the career potential curve if no training occurred, but the lined area if the individual's potential were improved. Success on the job or a series of jobs will move the individual or trainee to a higher documented employability curve to equilibrium at B^1 by time T_1 ; without training the individual would fall to A^1 over time as repeated failures would be translated into a negative resume factor. If initial success or failure magnifies, then the equilibrium might be illustrated by B'' or A'' , respectively. In other words, for training focused on improving maturity, attitudes, or the like, one would expect little immediate post-training differential in employment or earnings rates, but the trainee would have greater employment stability after securing a first job, or perhaps more rapid advancement through a series of jobs.

FIGURE 3.26
IMPROVING POTENTIAL EMPLOYABILITY



4. Combining Training and Sorting. Training and sorting almost always occur simultaneously because only a portion of the individuals at any level of documented employability have the potential to be prepared for and to function at a higher level. The portion who can accomplish training goals diminishes with the ambitiousness of the training effort, i.e., the increment in documented employability it seeks to achieve. This may be visualized by focusing on the employability potential curve at a given point X on the documented employability distribution (Figure 3.27). In a short-term training program aimed at improving documented employability modestly, from X to Y, the percentage in the lined area under the potential employability distribution have the capacity, with training, to perform at or above the average of persons already at documented employability level

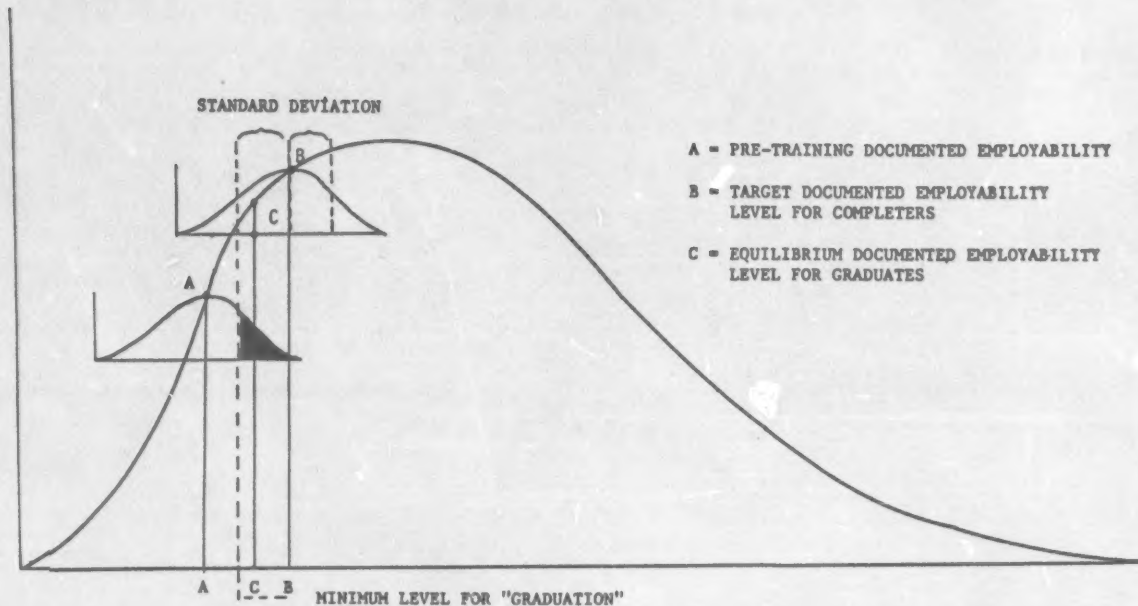
FIGURE 3.27
PROBABILITIES OF ACHIEVING VARIOUS DOCUMENTED
EMPLOYABILITY LEVELS THROUGH TRAINING



Y. If the aim is to achieve a "quantum leap" to documented employability level Z through more intensive training, only those in the darkened area have the necessary potential. In other words, the sorting--the ratio of the unshaded or unlined area to the total area under the potential employability level--will necessarily be greater for longer-term training aimed at a greater increase in documented employability. If the training program is inclusive so that it does not involve pre-screening and if its standards are strict, all participants with inadequate potential will drop-out or be terminated unsuccessfully during the course of the program. If there is some type of pre-screening activity to identify individuals with greater potential, the batting average will improve. In other words, noncompletion is to be expected and accepted, and will be higher if the goal of training is more ambitious (although high termination rates might also result from ineffective operations rather than ambitious training and effective sorting).

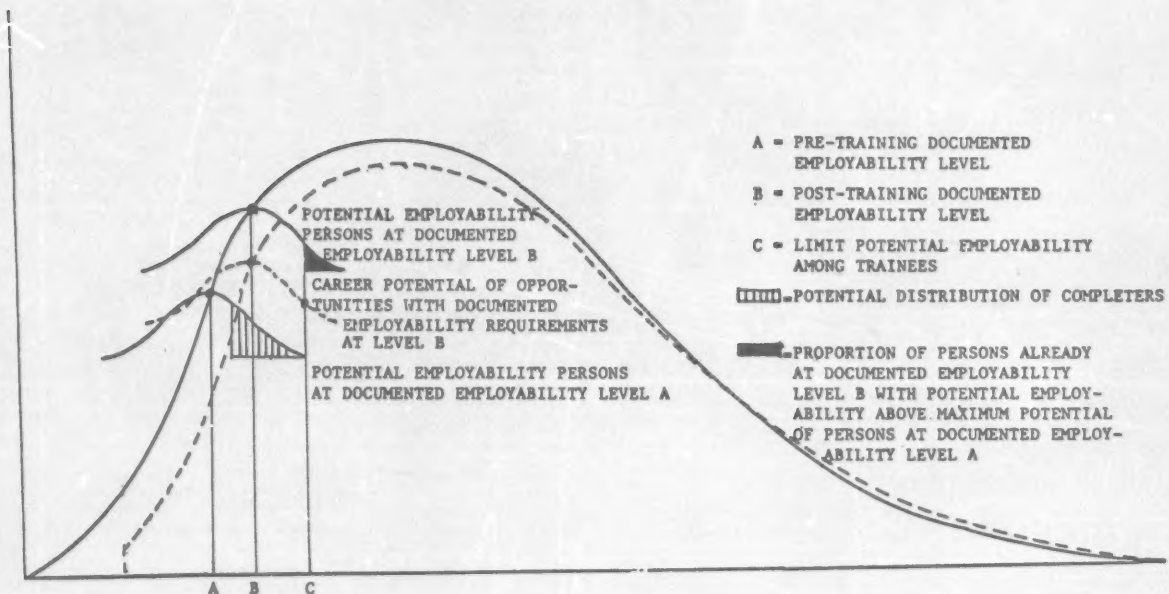
Training programs may differ in their standards. A rigorous training program may aim to assure that all completers can perform above average for persons with the documented employability level required in the occupation of training. A less Draconian goal would be to assure that, on average, the immediate skills and advancement potential of graduates equals the average for those who are normally hired for the target jobs. If the training program does not maintain at least these standards, the graduating cohort will be judged by its average, which will be below the expectations of employers. Trainees will either not find jobs, or will experience high failure rates once on jobs, discouraging employers from accepting subsequent graduates (Figure 3.28). As an example, if a training program for persons at documented employability level A "graduated" all those who were advanced to within a standard deviation of the average potential of persons at the targeted after-training documented employability level B, the average post-program potential level for the graduates would equal that of individuals with documented employability level C. Employers would, then, discount the certification for future trainees, ranking them at documented employability C rather than B.

FIGURE 3.28
TRAINING WITHOUT ADEQUATE SORTING



There are, then, inherent limits to employability development. To the degree that the sorting and documentation mechanisms in the labor market and the schools are effective, the potential distribution at any documented employability level will be narrower and a smaller proportion of individuals at this level will have the potential to make a quantum leap. Even if there is a significant variance in potential among individuals at any documented employability level, so that many have the capacity to perform at higher levels, employers offering career ladders may view with some skepticism individuals who have been brought a long way just to meet minimum entry requirements. This may be true regardless of the quality of training or the degree of sorting for the very good reason that the individuals who graduate may be at the high end of the employability potential distribution for those who started at a lower level of documented employability, but will have less potential to move ahead compared to those already at the more advanced level of documented employability (Figure 3.29). For instance, the lined area under the potential distribution at documented employability level A represents individuals who have participated in a program and have been trained and sorted so that, on average, they can perform at average for the workers at the higher documented employability level B. Among these trainees, few have the potential to advance further so that employers in the upper tail of the career potential distribution, certainly those beyond point C, will not be interested. On the other hand, these same trainees may be a good bet for the employers who do not offer advancement opportunities and who want someone who will show up for work, perform adequately and not be motivated to move on to greener pastures.

FIGURE 3.29
POTENTIAL EMPLOYABILITY LIMITATIONS AMONG TRAINING COMPLETERS



On-the-Job Training Effects

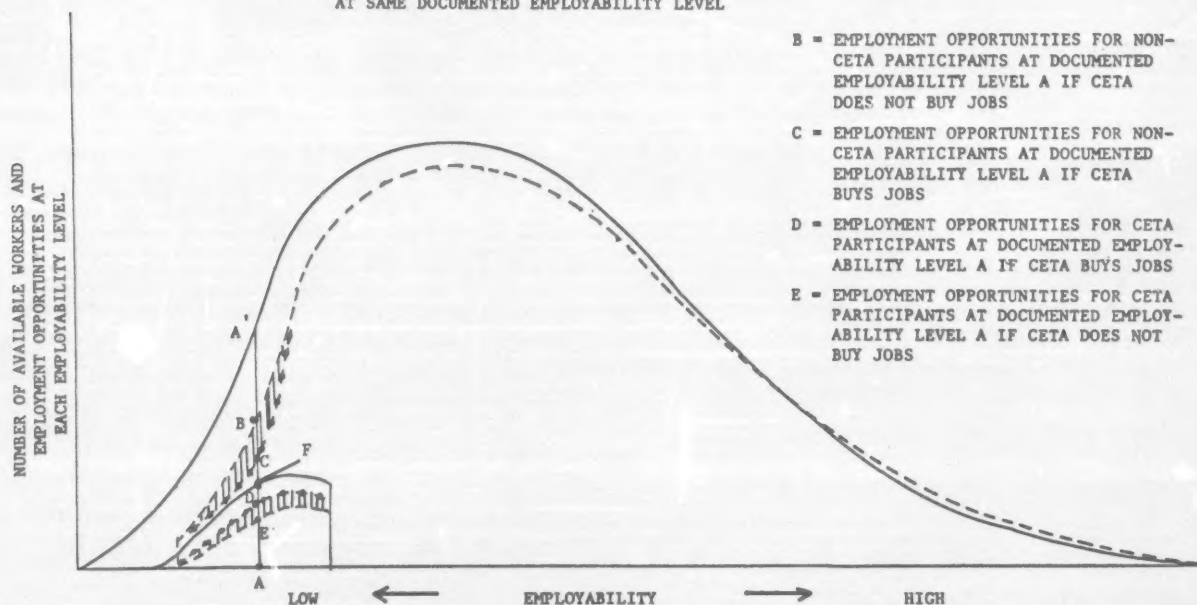
The mix of sorting, documented employability improvements and changes in potential employability differ when training is on-the-job rather than in an institutional setting, and another element is involved--the hiring subsidy. All else being equal, training which takes place on the job has three basic advantages over institutional training: First, the individual who leaves institutional training has to find a job, while the OJT participant is already hired. Second, training which occurs in the workplace is accepted by the employer so there is no documentation problem and no waste from overtraining. Third, the sorting which occurs is consistent with the needs and expectations of the particular employer so that there is less uncertainty about the potential employability or career potential. These same features can be disadvantages. If a firm does not hire a participant after a training assignment, he or she is then back at square one. The "training" on the job may not be recognized by other employers. Failure in an OJT assignment may, itself, be a black mark even though the individual might perform better in another setting. If the initial assignment is in a dead-end position or one which does not add to documented employability, the individual may eventually be worse off than if training were in an institutional setting and provided some credential which would help him or her compete more effectively for high potential jobs. The payoffs of OJT relative to institutional training are, thus, determined by the relative strength of these various factors. OJT will be more effective the wider the proportionate gap between the available work force and employment opportunities distributions at the point of targeted

training, and, hence, the less the chances of securing a training-related job after institutional training. OJT will be more beneficial the less specific and objective the factors in employability documentation for the targeted jobs.

OJT is also a system for subsidizing risk and altering employers' documentation requirements so that they will reach further back down the labor queue than usual and take more chances. The subsidies become windfalls if training is limited, risks are not taken, nor hiring standards changed. In such cases, the net impacts of OJT may be modest compared to those of institutional training, even though on-the-job trainees will evidence gains relative to like nonparticipants. The several possible patterns of impact can be illustrated by the same analytic schema:

Scenario 1: The employer subsidy is just buying a job if the OJT employer would have hired individuals with the same qualifications as those of assigned participants, and if the subsidized employers are typical of all firms hiring at this documented employability level (Figure 3.30). The employment chances of the participant are increased (from the ratio of E/F to the ratio of D/F), but this reduces the employment chances for non-participants commensurately (from ratio B/A' to C/A').

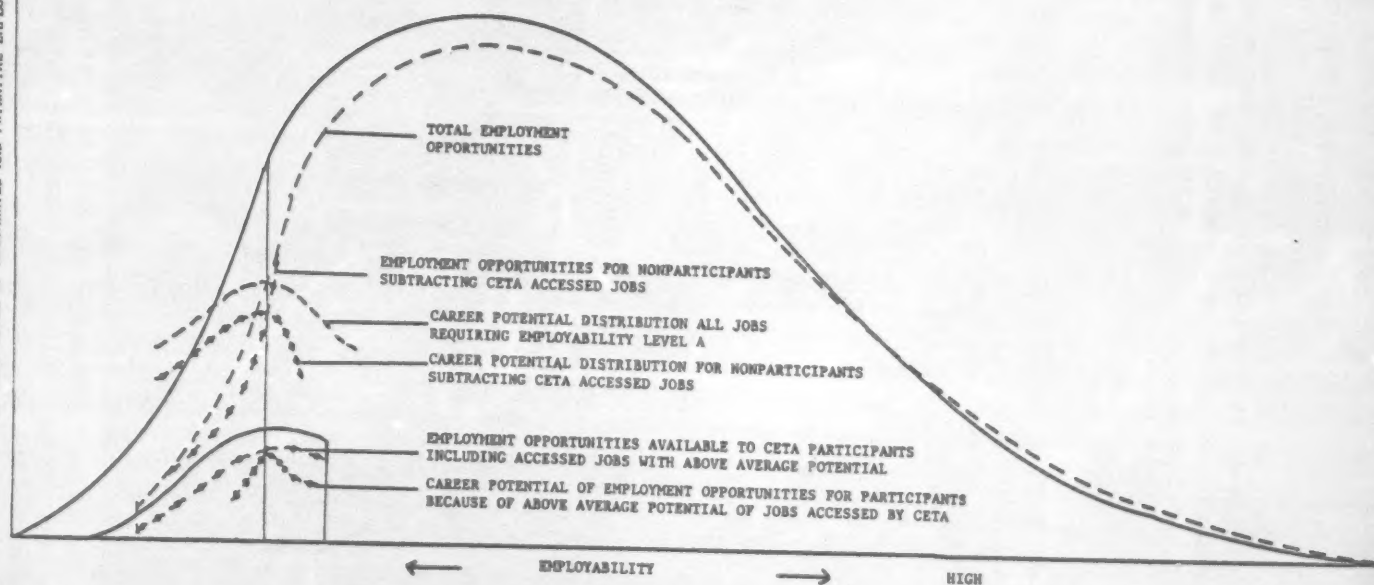
FIGURE 3.30
OJT SUBSIDIES MERELY INCREASE CHANCES OF EMPLOYMENT
AT SAME DOCUMENTED EMPLOYABILITY LEVEL



Scenario 2: If the agency contracting for the OJT slot is able, where an individual jobseeker is not, to distinguish those employers whose jobs have more career potential, then the subsidy buys each participant a greater probability of finding a job as well as an increased probability that the job found will have higher career potential (Figure 3.31). The employer in this case still gains a windfall, while nonparticipants lose both employment opportunities and chances to match with high career

FIGURE 3.31
CETA SUBSIDIES ACCESS JOBS WITH ABOVE AVERAGE CAREER POTENTIAL

NUMBER OF AVAILABLE WORKERS AND EMPLOYMENT OPPORTUNITIES
AT EACH LEVEL OF DOCUMENTED AND POTENTIAL EMPLOYABILITY



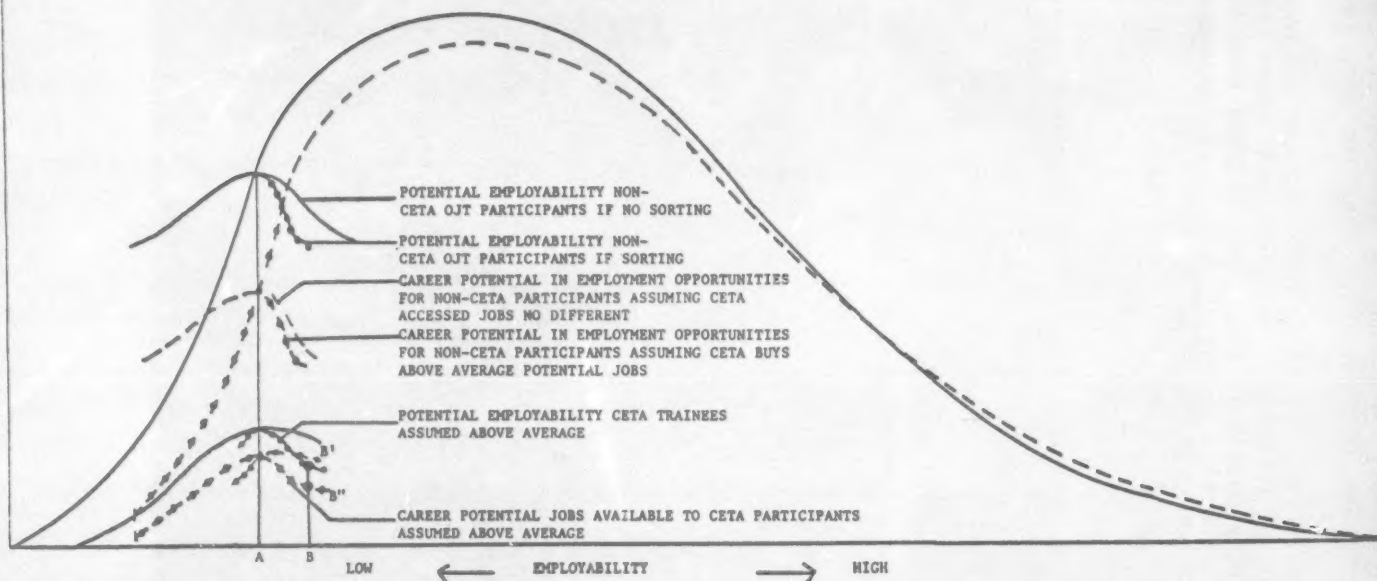
potential jobs. In both Scenario 1 and Scenario 2, there is no gain overall for the economy, pure windfall for employers, and immediate gains for participants; in Scenario 2, however, the continuing gains for participants are greater since they are more likely to secure good jobs.

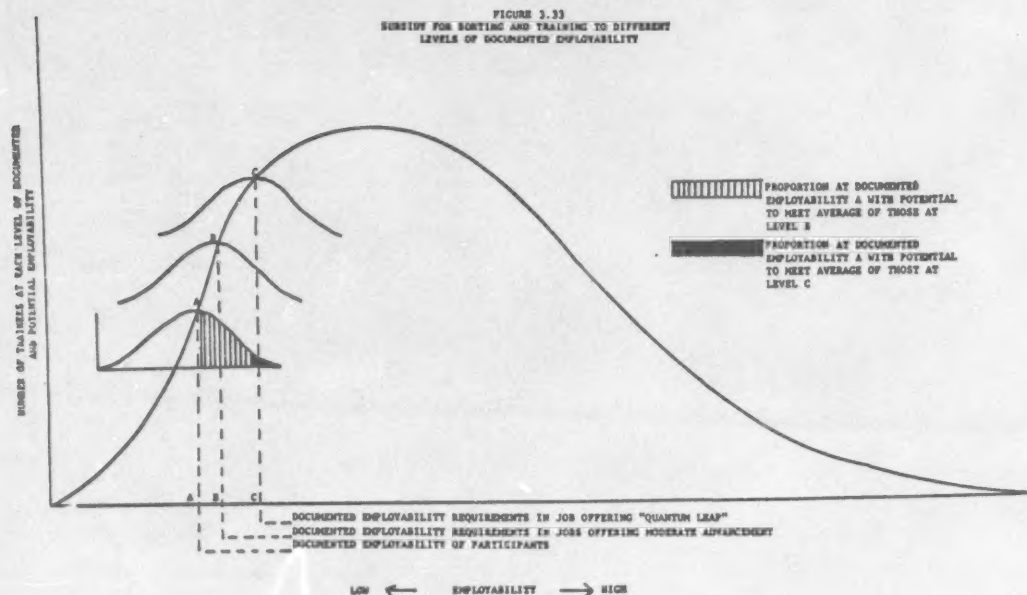
Scenario 3: If CETA uses its special knowledge of participants or pre-screening activities to sort out those individuals who have more employability potential and, then, matches them to jobs with greater career potential, the high potential individual represented by B in the potential employability distribution for participants with A level documented employability will be assigned to a high career potential job represented by B" in the career potential distribution for employment opportunities requiring documented employability level A (Figure 3.32). This matching allows the labor market to operate more effectively. Lower potential nonparticipants have reduced chances of getting higher potential jobs, but their losses are modest since they could not benefit from the career opportunities; the upper tail of the potential employability distribution for nonparticipants is reduced to the extent OJT sorts in the high potential individuals.

Scenario 4: If all the OJT reimbursement is used to subsidize the extra risks of dealing with a less advantaged population and the extra costs of training, there is no windfall to employers (Figure 3.33). In this case, the group in the lined area of the potential employability distribution at documented employability level A has the average potential of those at the higher employability level B; the risk is the cost of hiring, trying to train and eventually firing those below the cutoff point, as well as training those above, in order to get to the average which already exists among persons at documented employability level B. The darkened area represents the portion of trainees initially at level A who, as a group, can be brought up to the average of level C employability. As a crude approximation, the subsidy to employers hiring at level C must be larger than the subsidy to employers hiring at level B in proportion to the greater numbers who must be hired, trained but eventually sorted out, as suggested by the ratio of the nondarkened to the unlined area under the employability potential distribution at documented employability level A.

NUMBER OF AVAILABLE WORKERS AND EMPLOYMENT OPPORTUNITIES
AT EACH LEVEL OF DOCUMENTED AND POTENTIAL EMPLOYABILITY

FIGURE 3.32
OJT USED TO MATCH INDIVIDUALS WITH HIGH POTENTIAL
EMPLOYABILITY AND JOBS WITH HIGH CAREER POTENTIAL

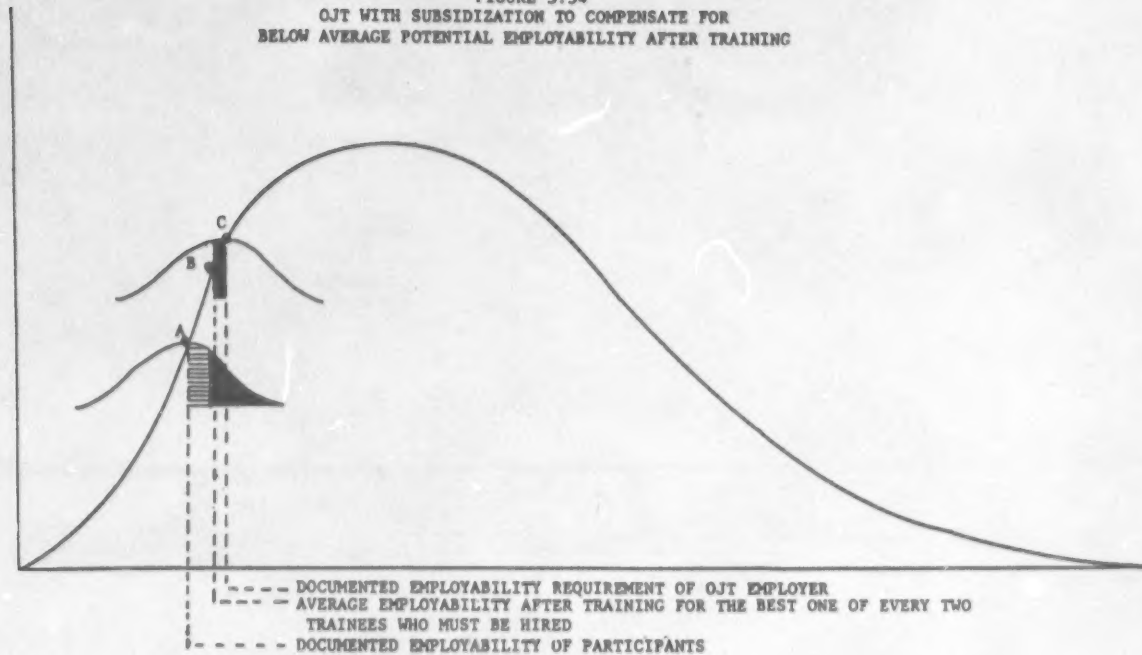




Scenario 5: If C is the equilibrium point where a given OJT subsidy level will just cover the extra costs to get a group of trainees indicated by the darkened area up to the average potential of persons already at documented employability level C, as well as to cover the hiring and firing of all participants with lower potential employability, then either an extra subsidy or a lower equilibrium point is necessary if the employer is expected to retain a larger share of the participants (Figure 3.34). If, for instance, there is a rule of two--that one of every two trainees must be permanently retained, as a minimum, or else the employer will no longer be eligible for subsidization--then the average post-program potential for the trainees will be at the B rather than C level, and a subsidy will be required to offset this reduced productivity. The larger the gap between B and C, the larger the necessary hiring subsidy to make up for below average performance.

In actual operation, OJT is a melange of all five scenarios. For instance, where the CETA prime sponsor pre-screens to those at the upper end of the potential employability distribution, a "rule of two" may be the means to avoid a windfall profit, since risk is already minimized by the pre-screening. For institutional training, the sorting occurs in the program and the costs are absorbed in the differential between cost per participant and cost per completer. For on-the-job training, where the employer must hire first, he bears this cost, and the subsidy can be reduced if the sorting occurs prior to hiring. If the OJT employer gives greater weight to growth potential relative to current performance, the fact that completers of on-the-job training can perform but are more likely to be at the peak of their potential will discourage the employer's participation or necessitate a larger subsidy. Such employers are more likely to participate if they can determine either through a try-out on the job or successful completion of some screening activity, that the participants will have high potential.

FIGURE 3.34
OJT WITH SUBSIDIZATION TO COMPENSATE FOR
BELOW AVERAGE POTENTIAL EMPLOYABILITY AFTER TRAINING



Conceptual Implications of the Model

The implications of the conceptual framework are heavily dependent on the labor market and programmatic realities which determine the levels and slopes of the distributions and the relative importance of different patterns of impact for institutional and on-the-job training. It is impossible to precisely determine relative and absolute magnitudes and to sort out interacting factors--just as it is impossible to definitively measure the elasticity or equilibrium of supply and demand curves, or the marginal revenue products of individual workers. However, to the degree the conceptual framework itself makes intuitive sense and squares with what is known about labor markets and training impacts, it highlights some important considerations and perspectives for training programs and policies.

Most critically, the model suggests that there is variability among individuals and jobs which cannot be determined at the hiring door. Jobs with the same entry requirements, pay levels, and other observable characteristics may offer enormously different immediate and long-term prospects. Available workers with similar education and work experience can differ enormously in potential to perform immediately, to improve, and to advance. There is certainly not a homogeneous labor supply or demand. For interventions which prepare individuals for and match them with specific jobs, these differences are of critical importance.

There is not perfect knowledge in the labor market. The immediate and potential productivity of applicants cannot be determined precisely by employers even if they supplement all the background information which can be gathered with test batteries, interviews and the like. Potential can

only be determined with greater certainty when the individual is observed in a work or activity setting where performance is required and there are opportunities for learning and developing. The best place to determine potential is in the worksite, since the setting of each job and the standards for determining potential vary. But some degree of determination is possible in a training program. By the same token, individuals looking for work cannot know in advance the comparability of the conditions they will encounter in different jobs and where the different opportunities will lead them. Part of the uncertainty is inherent. But an agency that keeps a track record of employers can make a better decision than an individual. The increased knowledge can be used to improve the match-up rates between higher potential individuals and higher potential jobs.

The conceptual framework suggests that the placement is not an end to itself, nor does the acquisition of a skill or competency provide a permanent career passport. Particularly at the lower levels of the documented employability distribution, where the job is usually an entry or reentry step, the issue is not just employment, but where the job may lead in the future. Once a skill is acquired that is documented, the individual's chances of finding jobs are improved but not certain, and entry into a job setting which does not utilize and develop the skill may reduce or eliminate its long-term payoff to the individual. In other words, there is a great deal of slippage in a probabilistic world where there is a wide gap between employment opportunities and the available work force at any given documented employability level, and the variance in the potentials of workers and jobs is large. This makes it all the more important to couple bridging mechanisms and placement with skills training if a payoff is to be realized.

"Employability" is not an absolute. Employers do use batting averages to guide hiring decisions, weighting characteristics by their perceived validity in predicting individual performance. But this is not a statistical exercise. Skills and competencies are not always measurable and certifications may be discounted to varying degrees. Sticks or carrots in the tax structure, public appeals or social mores may influence perceptions, while experience over time may change an employer's decision weights. Prejudice may exist, although hidden in the weighting structure of different characteristics rather than directly tied to color or sex; for instance, race may be related to a 5 percent lower performance, on average, as may the lack of a high school diploma, but the employer may give greater weight to the race factor as a predictor. In general, however, there is a rationale for the process and employers will not be convinced they are discriminating, particularly when the cumulative effect of stunted opportunities is to leave the victims of discrimination far short of their innate potential. Long-term changes can only be achieved by identifying individuals with more potential, improving their competencies, and documenting this in a way that can be demonstrated to employers. If employers are coerced or persuaded to hire trainees with lesser credentials or those whose credentials have been upgraded, and if these trainees do not meet, or perhaps even exceed, average performance, the effect will be to reinforce the employer's standards even if some of the referred individuals are better than average. Few credentials are accepted at face value, and in most cases they serve merely as another factor in the hiring equation. Credentials will be given varying weight depending on their source, and

this depends to a large extent on the the average performance of those with the credential.

If an effort is made to improve the employability of a group of individuals who have the same measurable characteristics, their varying potential will result in varying success in the acquisition of skills and competencies. Where the aim of a training program is to produce completers who can perform as well as or better than the average of individuals with greater documented employability, then sorting is unavoidable. Even if individuals can acquire entry skills which are commensurate with the average for individuals with the same credentials, they may have reached the upper limits of their potential, so they will be at the low end of the employability potential distribution for all individuals with similar credentials.

Training can raise earnings in very different ways with very different implications. The skills and abilities of individuals may be improved without increasing documented employability; in this case, the individuals will be no more likely to get a job or a better job when they complete training, but they may search more diligently or may perform more effectively once they are employed. Society gains marginally by more effective performance in lower level jobs, as do the trainees. The matching process may be improved so that individuals with more potential are matched to jobs with more potential rather than relying on a random iterative process in the labor market. This may modestly ease frictional problems. Earnings may increase in the short-run if documented employability is increased and the skills that are documented are demanded in the labor market; earnings will increase over the long-run if the skills and credentials lead to career ladders. Society will benefit from better performance in entry jobs if training is of limited ambition; it will benefit from reductions in skills bottlenecks if the training leads to "quantum leaps." But employment and earnings may also be improved without any gains in skills or competencies through the leverage or subsidies of the hiring agencies. Buying or accessing jobs increases the chances of participants by reducing the chances of like nonparticipants; in other words, there is simply a reallocation among those in need. Thus, earnings gains are prima facie evidence that training has impacts on participants but not that it has the same degree of impacts on the economy or on those in need.

Fleshing Out the Conceptual Framework

While these perspectives are important in their own right, the implications are heavily dependent on the underlying labor market and operational realities concerning documentation factors, the employability distributions of jobs and workers, the gaps between available opportunities and job seekers at each skill level, the patterns of sorting and skill enhancement, and the like. These issues have received very little attention in the research and evaluation literature and much more work is required. Nevertheless, the preceding volume of evidence provides some sense of general magnitudes and relationships for a few of the key factors:

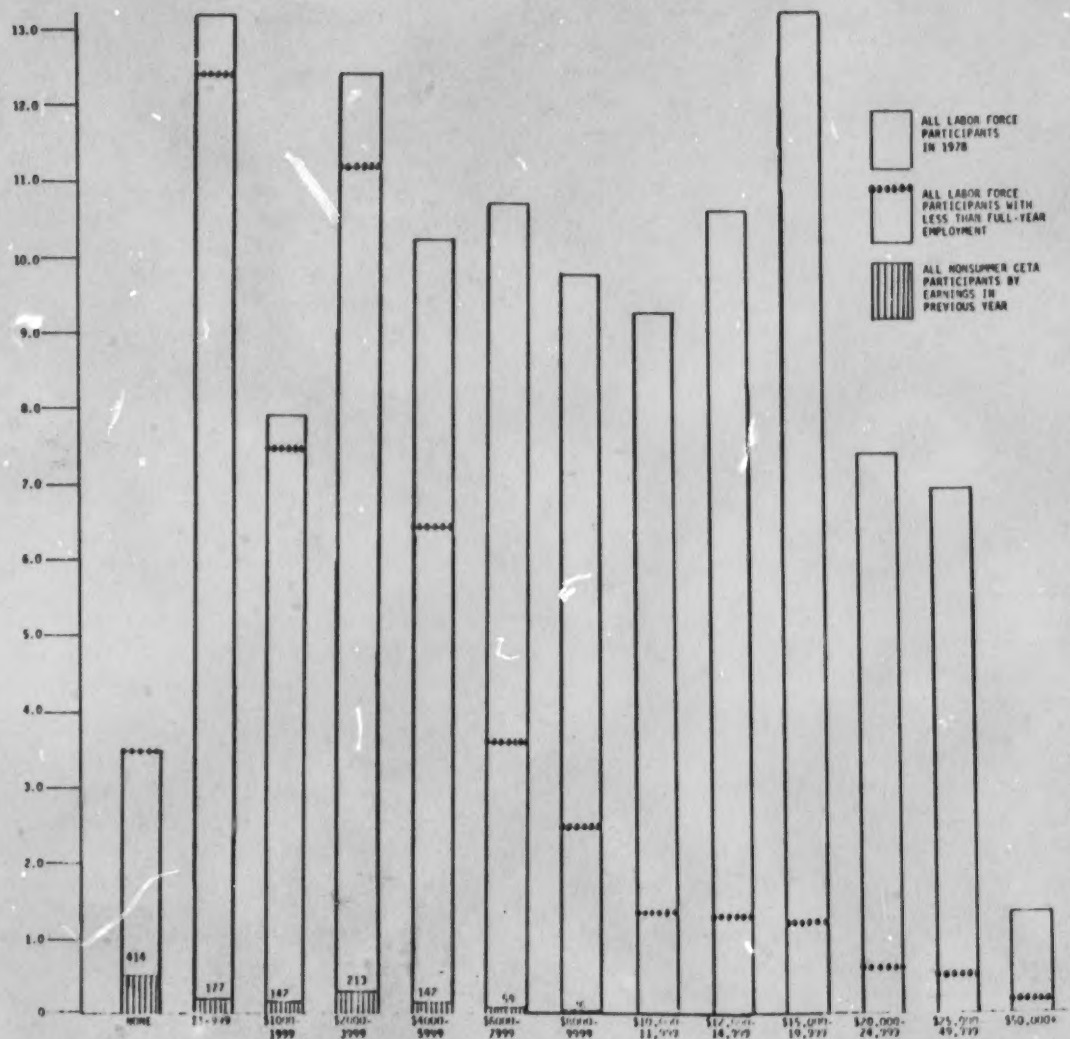
First, evidence suggests that although CETA serves individuals from the lower end of the employability distribution, there is a fairly sub-

stantial range in documented employability among participants. As a proxy, documented employability might be measured in terms of annualized earnings in the year before entry. The fiscal 1979 enrollees in nonsummer CETA programs were concentrated in the lower tail of the earnings distribution for the entire labor force for the obvious reason that entrants were unemployed for some time before entering CETA. Yet they were also concentrated at the lower end of the distribution for labor force participants with less than full-year employment, i.e., labor force entrants and reentrants during the year as well as persons experiencing some unemployment (Figure 3.35). Among 1979 entrants, 35 percent had no earnings at all in the year before entry and another 15 percent had earnings less than \$1000, while a fifth had earnings above \$4000.

Of equal importance, CETA serves only a small proportion of the labor force in any earnings category. CETA entrants with no earnings represented only one of every twenty persons in the labor force who earned less than \$1000 in 1978, and only one in forty of those who earned less than \$4000. In a given local labor market, the percentage might be higher, particularly since CETA funds are distributed in part on a severity-of-needs basis, but it is likely that in most communities there are enough job vacancies with low documented employability requirements to absorb most of the CETA clients if the jobs were allocated to them rather than to nonparticipants. For instance, there were over 10 million jobs listed with the Employment Service in 1980, compared to the less than 2 million total CETA enrollments and 1.2 million nonsummer enrollments. The disadvantaged might not be eligible for all these jobs, or might not be trainable up to the entry standards, but only a small portion of all job vacancies are listed with the Employment Service. The point is that CETA could get jobs for all or most of its clients simply by taking them away from similar nonparticipants. This makes it all the more critical to determine whether access and placement efforts, rather than human resource development, account for the major impacts of training.

Second, there is some evidence to suggest that the variation in potential employability is quite significant among individuals at the low end of the documented employability distribution where CETA is targeted. The data on characteristics gathered at CETA entry and in evaluations of employment and training programs are at least as inclusive as the information which employers might request in job applications and use to make hiring decisions. Most of these characteristics are predictive of subsequent employment and earnings success, both for participants and control groups. Thus, it is possible to construct an employability scale for each individual. The regression coefficients in equations relating demographic and background characteristics to future earnings suggest how much each factor contributes or detracts from earnings when all other factors are held constant; the employability of any individual can be estimated by weighting his or her characteristics by these coefficients. Likewise, the square of the correlation coefficient in regression equations predicting future earnings success suggests the strength of these characteristics and factors in explaining or predicting future successes. In almost all studies of CETA participants and controls, the characteristics and job histories are predictive enough to separate groups of likely winners from likely losers, and the differences in future earnings (which reflect, at least in part, differences in ability and skills) are large

FIGURE 3.35
ANNUAL EARNINGS DISTRIBUTION OF THE LABOR FORCE
IN 1978 AND PRIOR YEAR EARNINGS OF FISCAL 1979
NON-SUMMER CETA ENTRANTS



Source: Westat, Inc. Characteristics of Enrollees Who Entered Adult-Oriented CETA Programs During Fiscal Year 1979 (October 1978 Through September 1979) (Washington, D.C.: Employment and Training Administration, Office of Policy, Evaluation and Research, February 1981), Table 5; Bureau of Census, Money Income of Families and Persons for the United States P-60 No. 123 (Washington, D.C.: Government Printing Office, June 1980), Table 56.

enough to justify hiring on the basis of these factors. On the other hand, the residual of the correlation coefficient suggests the differences in individual potential which are not picked up by the observable experience and background variables, as well as chance factors. There is substantial unexplained variance in even the most detailed regression equations predicting the future labor market success of employment and training program participants:

- Among second half fiscal 1975 CETA participants, a regression equation relating the annual earnings two years after participation to 28 variables including sex, race, age, education, family and marital status, family income and size, veteran status, previous employment and earnings levels and patterns, program activity, and time in program, explained (i.e., the square of the correlation coefficient equaled) 28 percent of the variance in earnings. 97/

- Where annualized earnings in the four quarters before and eight quarters after participation were estimated for second half 1975 CETA participants in classroom training using an equation which included 68 documenting variables (such as age, barriers to employment, family and marital status, race, length of stay, placement status at exit, prior employment pattern and education), the factors explained 28 percent of the variance in earnings for males and the same percentage for females. The same equations for fiscal 1975 on-the-job trainees explained 32 percent of the variance in earnings for males and 36 percent of the variance for females. 98/

- Regression equations relating the percent of time 1977 Job Corps participants and controls were employed in the 18-24 month post-termination period to 23 characteristic and pre-program experience variables (including age, education, race, health status, previous employment, arrests, and drug use) explained 37 percent of the variance in percent time employed for male participants and 42 percent for female participants. 99/

As these equations suggest, more detailed information for a narrower range of participants will increase the portion of variance explained, yet in all cases the unexplained variance remains quite large. No doubt chance is involved, including the fact that the individuals secure jobs with varying career potential so that some are forced to move from one to the next or find themselves subsequently out of work, while others find jobs which turn out to have career potential, matching their own potential employability. Unquestionably, however, much of the unexplained variance is related to the differences in potential of individuals with like characteristics and backgrounds; and it is significant that the unexplained variance is so large.

Third, the evidence suggests the relative importance of improvements in documented and potential employability, sorting and job access in producing the aggregate results for classroom training, on-the-job training, and Job Corps. The impacts of classroom training are concentrated among long stayers and those participants who are placed at termination. Negative sorting occurs before entry, i.e., those CETA entrants who have more limited employability characteristics are assigned to classroom training; but sorting on the basis of positive characteristics occurs there-

after. The more employable are more likely to complete training, as well as to be placed, whatever their duration of stay. However, this sorting is not enough to explain the extraordinarily large gains for the long-stayers and those placed. Because of the short duration of treatment and the lack of completion standards, only a fourth of participants drop out, and although dropouts have more limited employability than completers, the differences are not major. Those who do not complete usually leave within the first few weeks. It is significant that the post-program earnings of early leavers are almost the same as those of their controls in the first post-program year and slightly higher in the second. The early leavers include positive terminees as well as dropouts, but if in-program sorting which identified the winners and losers among those with like characteristics were to explain the substantial gains of the long-stayers, it would be necessary for the earnings of the short stayers to be much lower than those of their matched controls.

Longer-term classroom trainees are more likely to be placed at termination. It is not surprising that placement has an effect on post-program earnings after controlling for length of stay and other variables, since those moving immediately into jobs will surely have higher post-program earnings than those who undergo a period of job search. However, the differential related to placement remains substantial in the second post-program year. Either the immediate post-program jobs use the skills taught, are more stable and higher paying, or else the persons placed have greater potential employability which is identified during the course of participation. The latter possibility is discounted by the fact that classroom trainees not placed earned the same as their controls the second year after termination. This would not have occurred if those not placed were the "losers" whose lesser potential was discovered or emerged during participation. Hence, the gains of the "winners" who were placed were not primarily the result of their inherently greater potential.

The individual and aggregate patterns of employment and earnings changes and occupational mobility suggest that the primary effect of classroom training is to secure primary labor market jobs with greater stability for those who are placed. The first post-program year earnings gains are largely the result of increased employment, which in turn is largely the product of greater labor force participation. In the second post-program year, higher earnings rates and less unemployment are more important factors. The greater stability of employment may result in part from improved potential. No matter what the duration of stay, placement is a major factor in explaining earnings levels in the post-training period, so that this must be seen as a key mechanism in securing the more stable jobs. Yet the long-term stayers experience substantial gains independent of placement. Those who stay long enough apparently secure credentials or skills that are accepted in the labor market independent of placement efforts, although also making placement easier.

For Job Corps, the annual earnings gains result not from higher wages but from increased employment and labor force participation. Most Corpsmembers who find jobs do so without placement assistance. There is a range of evidence demonstrating the effects of Job Corps on behavior and maturity. Improvements in mobility are also a factor. Corpsmembers are more likely to move where jobs are available for persons with their skills.

On the other hand, the effects on documented employability are concentrated on a small minority of total participants. The completers of vocational training account for a substantial share of post-program earnings gains and are far more likely to receive placement assistance than the 40 percent of entrants who drop out within 90 days and the 30 percent who stay longer but do not complete training. Yet even for completers, less than two-fifths are subsequently placed in training-related jobs, and they represent less than one in seven total enrollees. Corpsmembers who acquire a credential such as a GED have higher earnings, all else being equal, but they account for only one in fourteen Job Corps entrants. Job Corps works for this minority by moving the individuals directly into career tracks and by providing transferrable certificates, and this minority of participants accounts for a disproportionate share of gains. Nevertheless, the major effect on most participants is to increase maturity and mobility.

Sorting does occur. The demands of a residential program result in self-sorting, while the individualized, competency-based curricula does not permit individuals to graduate from training and education unless they acquire competencies. Yet the dropouts do not earn less than controls in the post-program period after they get over their immediate transition problems, so that inherent differences in potential between noncompleters and matched controls do not account for a major share of the higher earnings of the completers.

For OJT, a good deal of sorting occurs prior to participation. The persons assigned to OJT are the most employable among CETA participants. Sorting also occurs on the job, since somewhere between 30 and 40 percent of participants according to different estimates either leave their assignment or are not retained at the end of the training period. The participants who are not placed are more disadvantaged than those who remain with their jobs, and matched to comparison groups on measurable characteristics, they earn noticeably less in both the post-training years, suggesting that the employers do separate winners and losers during the try-out period. Many of the OJT assignments are in the same occupation as previous employment, while in only a few cases representing clear occupational advancement. There is no evidence whether training really occurs on the job. The decline in net impacts between the first and second post-program years suggests that some OJT participants subsequently lose their jobs and are unable to secure other employment, i.e., they have not secured transferrable skills and credentials to the degree these are provided in classroom training, where impacts increase over the post-program period. It is difficult to determine whether OJT subsidies are buying jobs that would have otherwise gone to the same types of individuals, but the evidence suggests that this is a good possibility.

Fourth, since the number of entrants and reentrants into the labor force is a major determinant of the relative levels and slopes of the available work force and employment opportunities distributions, dramatic changes over the next two decades can be predicted with a fair degree of certainty. These will affect the role of CETA and CETA training. During 1980, entrants and reentrants accounted for nearly two-fifths of the unemployed. Thus, the gap between the available work force and employment opportunities distributions in the ranges where CETA activities are focused is highly sensitive to labor force entry and reentry patterns. The changes

which can be predicted with reasonable certainty are massive. The average number of youth and adult female labor force participants rose by 16.5 million from 1970 to 1980. Net employment growth absorbed only 14.2 million of these extra entrants and reentrants, so that the number of unemployed females and youth rose by 2.3 million (Table 3.20). From 1980 to 1990, according to projections by the Bureau of Labor Statistics, youth and adult female labor force participants will grow by only two-fifths the absolute increase over the previous decade. If employment opportunities for these participants expanded at the same rates as over the entire 1970s, there would be an excess of 4.4 million jobs in 1990. If they grew at the 1975-1980 rate, there would be an excess of 8.9 million jobs. If jobs for youth and women only increased at the rate of total employment growth in the 1970s, there would be a shortfall of 2.7 million jobs, but this would represent about half of their job deficit in 1980. Such simplistic projections are not meant to suggest that jobs will be available for all entrants and reentrants, or that production functions will remain static with no effort to substitute the greater numbers of mid-level workers for entrants; but it is clear that there will be a substantial change from the 1970s.

These bits and pieces of information do not go far towards fleshing out the theoretical framework, but they certainly lend credence to the underlying notions and suggest at least the rough magnitudes of some of the primary factors. Even though CETA is concentrated among individuals with severe problems, there is wide variation in both the documented and potential employability of its participants. Training improves skills and productivity which can improve employment chances and subsequent earnings, but this is only one of the processes producing the measured training impacts. Much of the gain results from easing the transition into the labor force of entrants and reentrants. Placement is a key variable, and not just because of its immediate effect on earnings. Apparently more stable jobs are secured. Sorting is evident in Job Corps, as well as improvements in potential employability as a result of maturational experiences. OJT might, to a significant degree, achieve its impacts simply by buying jobs rather than training. All these findings relate to training as it operated in the climate of the 1970s. The demographics of the 1980s will be markedly different, shifting needs and potentials for interventions.

Table 3.20
Labor Force Projections and Alternative Employment Scenarios

	Actual			Projections		
	1970	1975	1980	1985	1990	1995
Civilian labor force	82,715	92,613	106,821	114,985	122,375	127,542
Civilian employment if grew at 1970-1980 rate	78,627	84,783	97,271	108,360	120,336	134,054
Job gap (labor force-employment)	4,088	7,830	9,550	6,625	2,039	-6,512
16-24 labor force	17,830	22,265	24,623	24,446	22,607	21,846
16-24 employment	15,860	18,684	21,217	--	--	--
Projection 1: if grew at 1975-1980 rate for youth employment	--	--	--	24,093	27,359	31,068
Projection 2: if grew at 1970-1980 rate for youth employment	--	--	--	24,506	23,383	32,782
Projection 3: if grew at 1975-1980 rate for all employment	--	--	--	24,342	27,927	32,040
Projection 4: if grew at 1970-1980 rate for all employment	--	--	--	23,593	26,248	29,188
16-24 job gap (labor force-employment)	1,970	3,581	3,406	--	--	--
Projection 1: if grew at 1975-1980 rate for youth employment	--	--	--	353	-4,752	-9,222
Projection 2: if grew at 1970-1980 rate for youth employment	--	--	--	-60	-5,776	-10,936
Projection 3: if grew at 1975-1980 rate for all employment	--	--	--	22	-5,320	-10,194
Projection 4: if grew at 1970-1980 rate for all employment	--	--	--	853	-3,641	-7,342
Adult female labor force	23,405	26,891	33,150	39,531	45,107	48,726
Adult female employment	22,444	25,010	31,336	--	--	--
Projection 1: if grew at 1975-1980 rate for adult females	--	--	--	39,262	49,193	61,636
Projection 2: if grew at 1970-1980 rate for adult females	--	--	--	37,290	43,751	52,064
Projection 3: if grew at 1975-1980 rate for entire population	--	--	--	35,952	41,240	47,324
Projection 4: if grew at 1970-1980 rate for entire population	--	--	--	34,845	38,766	43,108
Adult female job gap (labor force-employment)	961	1,881	1,814	--	--	--
Projection 1: if grew at 1975-1980 rate for adult females	--	--	--	269	-4,086	-12,910
Projection 2: if grew at 1970-1980 rate for adult females	--	--	--	2,241	1,356	-3,338
Projection 3: if grew at 1975-1980 rate for entire population	--	--	--	3,579	3,859	1,402
Projection 4: if grew at 1970-1980 rate for entire population	--	--	--	4,686	6,341	5,618

Source: Employment and Training Report of the President, 1980 (Washington, D.C.: Government Printing Office, 1981); Howard N. Fullerton "The 1995 Labor Force: A First Look," Daily Labor Reporter (Washington, D.C.: Bureau of National Affairs, January 21, 1981).

This theoretical interpretation is descriptive more than predictive. The curves and constructs do not, of themselves, suggest appropriate training policies and approaches. They do, however, forcefully argue for attention to a number of issues which have been given minor attention in labor market and human resources research and policymaking, such as (1) the factors which document employability and are the basis of hiring decisions for different jobs; (2) the distribution of jobs and workers according to such standards; (3) the variance in potential among individuals sharing certain sets of characteristics; (4) how potential can be better measured and documented; (5) the career pathways which are provided by different

jobs and occupations with similar entry requirements; (6) the variance in immediate employment conditions in jobs and occupations with similar entry requirements; (7) how many can be moved how far by human resource development activities; (8) what competencies are acquired by trainees and the reference systems which best structure and document competency attainment; (9) the iterative post-program experiences of trainees beyond the immediate outcomes; and (10) the perceptions of employers towards the trainees and training programs, as well as the realism of these perceptions and how they can be altered.

It is also necessary to very carefully examine management and delivery systems, regulations, performance standards, and the other real-life factors which provide the structure for decisionmaking and delivery. Relative magnitudes and interrelationships of the key factors in the theoretical framework cannot be inferred from analyzing outcome and impact information alone. The nuts and bolts issues such as performance indicators and management information systems provide incentives for different patterns of behavior at the delivery level. It is these factors which are manipulable and can alter the outcomes and impacts. These are examined next.

NOTES

1. The CLMS evaluation has produced a series of reports detailing methodologies as they have evolved over the years. The preponderance of the long-term follow-up data available for analysis in this volume relates to fiscal 1975 entrants. A capsule description of the procedures and assumptions used for the fiscal 1975 survey are provided in:

Westat, Inc. CLMS Followup Report No. 3 (36 Months After Entry), Experiences in the First Two Postprogram Years With Pre/Post Comparisons, For Terminees Who Entered CETA During January-June, 1975. (Washington, D.C.: Employment and Training Administration, Office of Policy, Evaluation and Research, December 1980), Appendices A-C.

2. Westat, Inc. Impact on 1977 Earnings of New FY 1976 CETA Enrollees in Selected Program Activities (Washington, D.C.: Employment and Training Administration, Office of Policy, Evaluation and Research, December 1980).
3. Ibid.
4. Westat, Inc. The Impact of CETA on Participant Earnings: Entrants During the First Half of 1975 (Washington, D.C.: Employment and Training Administration, Office of Policy, Evaluation and Research, January 1980), pp. 3-39.
5. Westat, Inc. Impact on 1978 Earnings of New FY 1976 CETA Enrollees in Selected Program Activities (Washington, D.C.: Employment and Training Administration, Office of Policy, Evaluation and Research, February 1981).
6. Westat, Inc. The Impact of CETA on Participant Earnings: Entrants During the First Half of 1975, op. cit.
7. Westat, Inc. Multivariate Analysis: 36 Month Follow-up of Terminees Who Entered CETA During January-June 1975 (Washington, D.C.: Employment and Training Administration, Office of Policy, Evaluation and Research, November 1980).

The coefficients in the text were from unpublished tabulations. These equations do not consider placement as a variable, since this would pick up some of the differential placement chances related to participation in different primary activities.

8. Charles Mallar, et. al. The Lasting Impacts of Job Corps Participation (Washington, D.C.: Government Printing Office, May 1980), pp. 45-48.
9. Robert Taggart, "Considerations in Cost-Benefit Analysis of Job Corps," Assessments of Job Corps Performance and Impacts, Volume I (Washington, D.C.: Government Printing Office, May 1980), pp. 110-129.

10. Charles Mallar et. al. op. cit., pp. 119-163.
11. The assumption of a 14 percent a year fade-out of real earnings gains was based on a study of MDTA which estimated a 50 percent fade-out of impacts for adult males after five years, and no fade-out for adult women. The Job Corps benefit-cost study, in its henchmark assumptions, projected that the gains for both males and females would fade-out at the same rate as previously estimated for adult males participating in MDTA. The earlier study was a five-year follow-up of 1970 MDTA participants. Inflation then was about half of the rate which has prevailed over the last five years, and it is uncertain how fast real earnings gains eroded in the late 1970s.
12. Charles Mallar et. al. Evaluation of the Earnings Impact of the Job Corps Program Second Follow-Up Report (Washington, D.C.: Employment and Training Administration, Office of Policy, Evaluation and Research, April 1980), p. 153.
13. The high benefit assumptions are more plausible for classroom training than for Job Corps. As noted previously, the 14 percent fade-out estimate was based on a finding for MDTA that the gains of males eroded by 50 percent over five years, but those for females did not erode at all. Females represented half of classroom training enrollments in fiscal 1976 compared to only a fourth of Job Corps participants. According to the CLMS-CPS impact estimates, females also accounted for four-fifths of the 1978 net gains for all classroom trainees, whereas females in Job Corps accounted for only a third. In brief, the use of the same discounting and fade-out assumptions in the Job Corps and classroom training benefit-cost studies may not be appropriate and probably understates the relative effectiveness of classroom training.
14. Westat, Inc. Postprogram Experiences and Pre/Post Comparisons for Trainees Who Entered CETA During Fiscal Year 1976 (July 1975-June 1976) (Washington, D.C.: Employment and Training Administration, Office of Policy, Evaluation and Research, March 1979), Table D-8. Estimates on spending by functional activity under classroom training were provided by Employment and Training Administration, Office of Community Employment Programs.
15. Ibid. Tables D-2 and 14; Westat, Inc. CLMS Follow-up Report No. 3 op. cit., Table 34.

It is important to note that the interview data for second half fiscal 1975 trainees suggested an increase from entry to exit in transfer usage, contradicting the more dependable findings for fiscal 1976.
16. The Board of Directors, Manpower Demonstration Research Corporation, Summary and Findings of the National Supported Work Demonstration (Cambridge, Mass.: Ballinger Publishing Co., 1980); Charles Mallar op. cit., p. 45.

The public benefits receipt rates for Job Corps and supported work controls were as follows:

Proportion in Control Groups Receiving Benefits			
	Baseline (1-9 Months)	Follow-up (19-27 Months)	Change
Supported Work AFDC Controls			
Unemployment compensation	2.0%	2.0%	0.0
Welfare	97.7	85.1	-12.6
Food stamps	94.6	82.3	-12.3
Supported Work Ex-Addict Controls			
Unemployment compensation	7.4	6.0	-1.4
Welfare	50.7	40.2	-10.5
Food stamps	45.7	38.8	-6.9
Supported Work Youth Controls			
Unemployment compensation	4.0	3.8	-.2
Welfare	17.0	20.6	+3.6
Food stamps	32.4	29.0	-3.4
Supported Work Offender Controls			
Unemployment compensation	4.8	6.3	+1.5
Welfare	28.1	24.0	-4.1
Food stamps	36.0	30.0	-6.0
	(0-6 Months)	(18-24 Months)	Change
Job Corps Controls			
Unemployment compensation	2.5	4.0	+1.5
Welfare	9.4	10.8	+1.4
Food stamps	18.4	16.9	-1.5

17. Charles Maller *op. cit.*, p. 135.; Westat, Inc. Postprogram Experiences and Pre/Post Comparisons for Terminees Who Entered CETA During Fiscal Year 1976 (July 1975-June 1976) *op. cit.*, Table 8.

The in-program savings were calculated by dividing annualized cost by the percent of the year the average participant was in the program, and then multiplying by the percentage reduction in receipt of each benefit. The percentage decline in receipt from the first to second post-program year was multiplied by the proportion receiving each benefit at exit, and this was multiplied by the average annualized benefit to estimate post-program savings which were then assumed to fade-out at 14 percent a year and were discounted at 5 percent. Without question this is a very crude "guestimation" technique. The real issue is whether the benefits would have declined in the absence of participation. The above evidence from supported work suggests that much of the decline would have occurred in the absence of participation.

18. The Board of Directors, Manpower Demonstration Research Corporation, *op. cit.*
19. It is important to stress that these findings apply to CETA training in fiscal 1976. Two developments since then may have increased the payoff of classroom training. First, the female proportion of trainees increased, from 50 percent in fiscal 1976 to 57 percent in fiscal 1980. The CLMS estimated earnings gains relative to controls were two and a half times greater for females than males. All else being equal, the shift in the sex composition of trainees would in-

crease the benefit-cost ratio 6 percent, adjusting for the somewhat longer stay of females. Likewise, it is estimated from the CETA management information that the duration of classroom training under Title IIBC (formerly Title I) increased from 4.3 to 5.1 months from fiscal 1976 to fiscal 1980. This would have raised the benefits and the per participant costs, but the former more than the latter. Recent administrative cost increases would somewhat lower the benefit-cost ratio, all else being equal.

20. Richard Wagner, "Historical CETA Data for Titles IIBC (Formerly Title I), Title IID (Formerly Title II) and Title VI, Fiscal Years 1975 Through 1979," (Employment and Training Administration, Office of Community Employment Programs, March 1980), unpublished.
21. Westat, Inc. Postprogram Experiences and Pre/Post Comparisons for Terminees Who Entered CETA During Fiscal Year 1976 (July 1975-June 1976) op. cit., Table D-4.
22. Westat, Inc. Impact on 1977 Earnings of New FY 1976 CETA Enrollees in Selected Program Activities op. cit. The 1976 earnings for each of the match lists were weighted in proportion to their share of OJT participants.
23. Charles Mallar op. cit., p. 135; Westat, Inc. Postprogram Experiences and Pre/Post Comparisons for Terminees Who Entered CETA During Fiscal Year 1976 (July 1975-June 1976) op. cit., Table 8.
24. As noted previously, the 14 percent fade-out assumption is less appropriate for classroom training than Job Corps. Counting post-program earnings as a social and taxpayer benefit is more appropriate for Job Corps and classroom training than for OJT. Based on the CLMS net impact estimates, fade-out appears to be greater in OJT than Job Corps or classroom training. In other words, the uniform "benchmark" assumptions in the benefit-cost methodology will upwardly bias estimates of the OJT rate of return and downwardly bias the relative payoffs of classroom training.
25. Joe N. Nay, John W. Scanlon and Joseph S. Wholey, Benefits and Costs of Manpower Training Programs: A Synthesis of Previous Studies With Reservations and Recommendations (Washington, D.C.: The Urban Institute, 1971), p. 7.
26. The uncertainties in assessing net impacts for all classroom trainees are magnified with each level of disaggregation. For instance, in the large sample of the Continuous Longitudinal Manpower Survey of fiscal 1976 CETA entrants--the data base used to calculate net impacts--there were 876 classroom trainees who terminated by the end of calendar 1976; only 128 of these were minority females, of whom just 13 were under age 19. Obviously, the matching of these 13 individuals with a correspondingly small number of minority, female teenagers in the Current Population Survey cannot yield very dependable estimates of net impact. The statistical estimation problem is compounded by the matching problem. The controlling variables may be more appropriate for some subgroups than others. For instance, there are doubts about

the comparability of youth who participate in CETA and those with equal background or experience in the CPS national sample. A key factor, for instance, is the desire to continue education. The CETA group may be less likely to want to go to college, which is why they entered CETA. If a few more of the comparison group go to college and have low earnings during the post-program period, the earnings of participants will be higher than the earnings of controls, at least for a few years, even if the program had little impact. Educational plans are not queried in either the Current Population Survey or the Continuous Longitudinal Manpower Survey. Changes in the priority given to different matching variables can also change the comparison group and, hence, the estimated gains. A small sample may also overrepresent a particular area of the country or a particular type of activity. Most significantly, classroom training is not the same for different subgroups. Youth may be receiving short-duration remediation while 30-44 year-old participants are receiving intensive occupational training. A finding that youth would benefit less than the mid-career participants does not suggest what would occur if they were provided similar training. Furthermore, a gain of \$1000 income for a youth cohort otherwise earning \$2000 might represent a much more significant accomplishment than a \$1000 increase for a cohort otherwise earning \$7000.

27. Westat, Inc. Special tabulations from CLMS follow-up of second half fiscal 1975 entrants excluding placement as a variable in regression equations.
28. Charles Mallar et. al. op. cit., pp. 47-48, 115.
29. Charles Mallar, et. al. Evaluation of the Economic Impact of the Job Corps Program: First Follow-up Report," in Assessments of Job Corps Performance and Impacts, Volume I (Washington, D.C.: Government Printing Office, May 1980).
30. Westat, Inc. Postprogram Experiences and Pre/Post Comparisons for Terminees Who Entered CETA During Fiscal Year 1976 (July 1975-June 1976) op. cit., Table 56.
31. This assumes no change in weekly hours. In all probability, weekly hours also increased with weeks of employment, so that real hourly wage gains accounted for an even smaller portion of annualized earnings increases.
32. Westat, Inc. Postprogram Experiences and Pre/Post Comparisons for Terminees Who Entered CETA During Fiscal Year 1976 (July 1975-June 1976) op. cit., Table 58.
33. Ibid.
34. Westat, Inc. Continuous Longitudinal Manpower Survey, Second Half Fiscal 1975 New Enrollees, unpublished tabulations.

35. Ibid.
36. Ibid.
37. Ibid.
38. Westat, Inc. CLMS Follow-up Report No. 3 (36 Months After Termination op. cit., Table 57.
39. Westat, Inc. Impact on 1978 Earnings of New FY 1976 CETA Enrollees in Selected Program Activities, op. cit., pp. 19-20.
40. Westat, Inc. The Impact of CETA on Participant Earnings, Working Paper #2., Entrants During the First Half of 1975 (Washington, D.C.: Employment and Training Administration, Office of Policy, Evaluation and Research, June 1980), pp. 3.49-3.50. The matching methodology was not as refined as in estimating the gains for fiscal 1976 participants, but the relative magnitudes of the gains for the participants or different program activities are probably dependable.
41. Westat, Inc. Impact on 1977 Earnings of New FY 1976 CETA Enrollees in Selected Program Activities op. cit., Table 68.
42. Westat, Inc. The Impact of CETA on Participant Earnings, Working Paper #2, Entrants During the First Half of 1975 op. cit., pp. 3.41-42.
43. Charles Mallar et. al. The Lasting Impacts of Job Corps Participation op. cit., p. 169.
44. Westat, Inc. Multivariate Analysis: 36-Month Follow-up of Terminees Who Entered CETA During January-June 1975 op. cit., p. C-16.

The percentage of participants with each characteristic measured in the CLMS interview was multiplied by the regression coefficient associated with the characteristic and added to the constant. The coefficients for primary assignment, time in program and placement were excluded.
45. Westat, Inc. Impact on 1978 Earnings of New FY 1976 CETA Enrollees in Selected Program Activities, op. cit.
46. Charles Mallar et. al. op. cit., p. 175.
47. Westat, Inc. Continuous Longitudinal Manpower Survey, Fiscal 1977 New Enrollees, unpublished tabulations.
48. Westat, Inc. CLMS Follow-up Report No. 3 (36 Months After Entry op. cit., Table 43.
49. Westat, Inc. Continuous Longitudinal Manpower Survey, Fiscal 1977 New Enrollees, unpublished tabulations.
50. Charles Mallar, et. al. "Evaluation of the Economic Impact of the Job Corps Program: First Follow-up Report," op. cit., pp. 312-314.

51. David Finifter An Analysis of Two Year Post-Program Earnings Paths of CETA Participants Using the Early CLMS Cohorts (January 1975-June 1975 Entrants) (Washington, D.C.: Employment and Training Administration, Office of Policy, Evaluation and Research, October 1980), p. 53.
52. Employment and Training Administration. Management Information System Fiscal 1980 Annual Summary, unpublished.

The MIS separates placements into "direct placements"--i.e., terminees who are referred to jobs without receiving substantial services, and two groups of indirect placements who get jobs after receiving services, those "placed by the prime sponsor" and "other direct placements." In fiscal 1980, the latter accounted for 28 percent of indirect placements.

52. David Finifter op. cit., p. 57.
53. Charles Mallar et. al., The Lasting Impacts of Job Corps Participation op. cit., pp. 45-46, 70-72, 109-111.
54. Rebecca Maynard, Enhanced Work Projects--The Supported Work Approach for Youth (Washington, D.C.: Government Printing Office, May 1980), pp. 119-158.
55. Peter Treadway et. al. "Study of the Career Intern Program," and Richard Gibboney Associates, "The Career Intern Program: An Experiment in Career Education That Worked" in Alternate Education Models; Interim Findings from the Replication of the Career Intern Program (Washington, D.C.: Government Printing Office, May 1980), pp. 235-242, 682. Unpublished data provided by RMC for recent cohorts in CIP.
56. Educational Testing Service, School-to-Work Transition Services--The Initial Findings of the Youth Career Development Program (Washington, D.C.: Government Printing Office, May 1980), p. 27.
57. Youth Career Development demonstration. Unpublished tabulations provided by the Educational Testing Service.
58. Jobs For Delaware Graduates demonstration. Unpublished tabulations provided by the Educational Testing Service.
59. Brian Nedwek et. al. "Interim Report on the Summer 1978 Vocational Exploration Program," Compilation of Reports on the 1978 Summer Youth Employment Program, Volume I (Washington, D.C.: Government Printing Office, 1979.; A.L. Nellum, Inc. Evaluation of the 1979 Summer Youth Employment Program (Washington, D.C.: Employment and Training Administration, Office of Youth Programs, December 1980); Opportunities Industrialization Centers of America, Career Exploration Program Final Report and Summer Court Involvement (Washington, D.C.: Employment and Training Administration, Office of Youth Programs, March 1981); unpublished tabulations provided by the Educational Testing Service on additional summer program demonstrations.

60. Andrew Hahn and Barry Friedman, "The Effectiveness of Two Job Search Assistance Programs for Disadvantaged Youth," Brandeis University, Waltham, Massachusetts, June 1981, unpublished.
61. Ibid.
62. Michael Borus et. al. Findings of the National Longitudinal Survey of Young Americans, 1979 (Washington, D.C.: Government Printing Office, May 1980), pp. 91-160.
63. Barry Argento et. al. Alternative Education Models--Preliminary Findings of the Job Corps Educational Improvement Effort (Washington, D.C.: Government Printing Office, May 1980), pp. 160-227.
64. Sar Levitan and Benjamin Johnston, The Job Corps: A Social Experiment That Works (Baltimore, Md.: The Johns Hopkins University Press, 1975), pp. 84-86.
65. Career Intern Program demonstration. Unpublished tabulations from RMC Inc. covering recent cohorts in CIP.
66. Barry Argento et. al. "Assessment of Center Educational Programs in Job Corps," Assessment of Job Corps Performance and Impacts Vol. II (Washington, D.C.: Government Printing Office, May 1980), pp. 245-312.
67. Charles Mallar, et. al. The Lasting Impacts of Job Corps Participation op. cit., p. 58.
68. Employment and Training Administration, Management Information System Summary Reports Fiscal 1980, unpublished.
69. Charles Mallar, et. al. The Lasting Impacts of Job Corps Participation op. cit., pp. 175-76.
70. Westat, Inc. Continuous Longitudinal Manpower Survey, Fiscal 1976 Entrants, unpublished tabulations.
71. Stanley H. Masters and Rebecca Maynard, The Impact of Supported Work on Long-Term Recipients of AFDC Benefits (New York, New York: Manpower Demonstration Research Corporation, 1981), pp. 78-81.
72. Ibid.
73. The Board of Directors, Manpower Demonstration Research Corporation, op. cit.
74. Stanley H. Masters and Rebecca Maynard, The Impact of Supported Work on Long-Term Recipients of AFDC Benefits op. cit., pp. 78-81.

The MDRC report interprets the data as follows:

"The conspicuous part played by public sector employment raises questions concerning the mechanisms through which Supported Work has this effect. One possibility is

that the main mechanism is the access Supported Work can provide to post-program public sector jobs--access that could result mainly from the 'connections' or other placement efforts of the program operators. If this hypothesis is correct, then displacement of other workers by Supported Work graduates may be high and the effort to differentiate Supported Work from other employment programs by instituting such concepts as graduated stress and peer group support may be much less important than such factors as the political relationships between operators and public sector officials.

Over 40 percent of the experimentals who obtained post-program jobs indicated that they learned about their first post-program jobs through Supported Work. Thus, the placement mechanism may well be part of the story. It is not likely to be the whole story, however, since the experimental effect might diminish somewhat over time if the program's only effect were to help participants obtain an initial job.

A second hypothesis is that the program had its effect largely through a screening mechanism. This argument suggests that the access of participants to unsubsidized public sector jobs depends not primarily on the placement efforts of program operators, but rather on the opportunity Supported Work gives its participants to show other employers how well they can perform on the job. Employers can then hire those who prove themselves to be good workers.

Since a high proportion of program jobs was in the public sector, the screening hypothesis may help account for the experimental effect being concentrated in public sector employment. Like the placement hypothesis, the screening hypothesis suggests that displacement may be high and that such program elements as graduated stress may not play a major role in the program's success.

Although both the screening and placement hypotheses may have validity, the magnitude of the wage rate differential between experimentals and controls in the post-program period suggests that Supported Work also tended to increase the ability of its participants to work effectively. Empirically, however, it is very difficult to distinguish among these hypotheses."

75. Westat, Inc. Impact on 1978 Earnings of New FY 1976 CETA Enrollees in Selected Program Activities op. cit.
76. Employment and Training Administration, Management Information System Annual Summary Report, unpublished.
77. Westat, Inc. Postprogram Experience and Pre/Post Comparisons for Terminees Who Entered CETA During Fiscal Year 1976 op. cit., Tables 9-11.

78. Westat, Inc. Postprogram Experiences and Pre/Post Comparisons for Terminees Who Entered CETA During Fiscal Year 1976 (July 1975-June 1976) op. cit., Tables 51, 5-10.
79. Westat, Inc. Impact on 1978 Earnings of New FY 1976 CETA Enrollees in Selected Activities op. cit.
80. Westat, Inc. Postprogram Experiences and Pre/Post Comparisons for Terminees Who Entered CETA During Fiscal Year 1976 (July 1975-June 1976) op. cit., Table B-3.
81. Westat, Inc. Impact on 1978 Earnings of New FY 1976 CETA Enrollees in Selected Activities op. cit.
82. Service Mix Alternatives demonstration. Unpublished tabulations provided by Educational Testing Service.
83. Corporation for Public/Private Ventures, Enhanced Work Projects--The Interim Findings From the Ventures in Community Improvement Demonstration (Washington, D.C.: Government Printing Office, May 1980).
84. Ventures in Community Improvement demonstration. Unpublished tabulations by Corporation for Public/Private Ventures.
85. Ibid.
86. David Zimmerman, Mathematica Inc. Unpublished tabulations from study of value of output of YEDPA youth worksites.
87. Corporation for Public/Private Ventures, Enhanced Work Projects--The Interim Findings From the Ventures in Community Improvement Demonstration op. cit., pp. 75-95.
88. Sherry Pomerantz, "Summer Court Involvement," Opportunities Industrialization Centers of America, addendum to Career Exploration Program Final Report (Washington, D.C.: Employment and Training Administration, Office of Youth Programs, March 1981).
89. A.L. Nelligan, Inc. Evaluation of the 1979 Summer Youth Employment Program (Washington, D.C.: Employment and Training Administration, Office of Youth Programs, December 1980).
90. Sherry Pomerantz and Patti Kirst, Career Exploration Program Final Report op. cit.
91. David Farkas et. al. Early Impacts From the Youth Entitlement Demonstration: Participation in Work and Schooling (New York: Manpower Demonstration Research Corporation, 1980).
92. Westat, Inc. Characteristics of Enrollees Under Age 22 Who Entered CETA Programs During Fiscal Year 1979 (October 1978 Through September 1979) (Washington, D.C.: Employment and Training Administration, Office of Policy, Evaluation and Research, January 1981).

93. Work Experience of the Population in 1978, Special Labor Force Report 236 (Washington, D.C.: Bureau of Labor Statistics, January 1981).
94. A.L. Nellum, Inc. Evaluation of the 1979 Summer Youth Employment Program op. cit.
95. Sherry Pomerantz and Patti Kirst, Career Exploration Program Final Report op. cit.
96. The Board of Directors, Manpower Demonstration Research Corporation, op. cit., pp. 135-148.
97. Westat, Inc. Multivariate Analysis: 36 Month Follow-up of Terminees Who Entered CETA During January-June 1975 op. cit., Table C-16.
98. David Finifter An Analysis of the Two Year Post-Program Earnings Paths of CETA Participants Using the Early CLMS Cohorts (January 1975-June 1975 Entry) op. cit., Tables A-1 through A-4.
99. Charles Mallar, The Lasting Impacts of Job Corps Participation op. cit., p. 94.

CHAPTER 4
NUTS AND BOLTS

SECTION 1. DIVERSITY IN LOCAL TRAINING EFFORTS

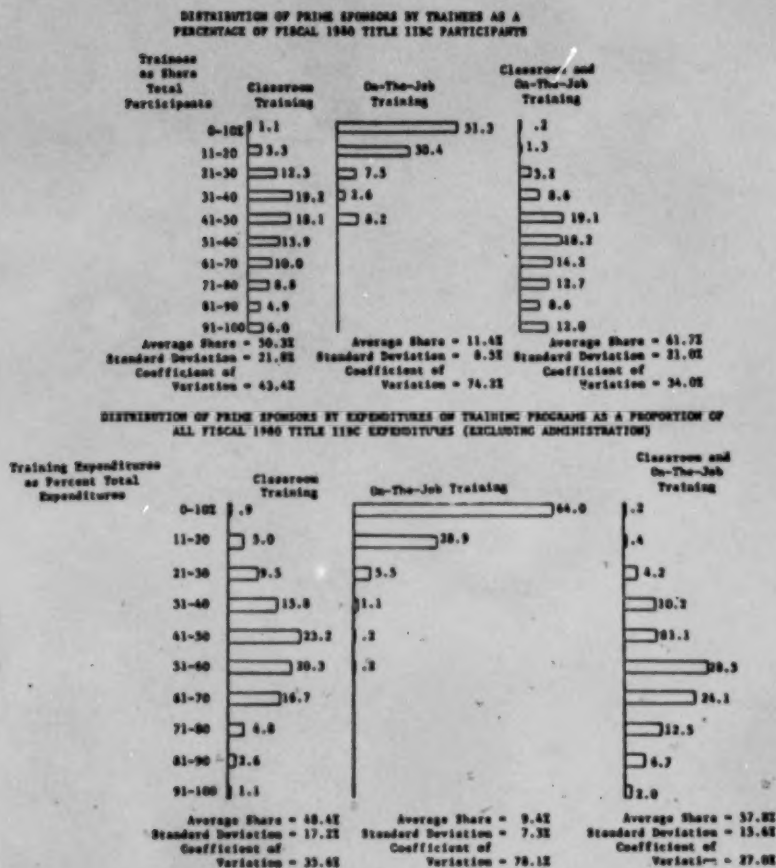
Patterns of Variation

Cost averages, national participant counts, aggregate employment and earnings change patterns, statistically-derived gains measures, benefit-cost and theoretical analyses, all provide an orderly and comprehensive picture of the CETA training system, its general impacts and effectiveness. They achieve this order and comprehensibility by averaging out, rounding off, assuming away, cleansing, massaging, and sometimes ignoring the diversity, volatility, and complexity of operational realities. The aggregates which are summarized and analyzed are the product of the actions of 484 local decisionmaking units, under the oversight of ten Department of Labor regional offices offering varying interpretations of the diverse regulations and guidance issued by relatively independent national bureaucracies in the Employment and Training Administration which have responsibility for the separate categorical programs under CETA. Below the prime sponsor level, there are thousands of subagents and tens of thousands of delivery agents which have their own interests, objectives, and interpretations. Decisionmakers at each separate level share some perspectives and concerns, and answer more to some drummers than others, but there is also great diversity. The national fiefdom in charge of Title IV youth programs has different interests than the office in charge of Title IIBC that serves both adults and youth. Regional offices have varying styles and perspectives. State governments serving as prime sponsors have different decisionmaking procedures and concerns than multi-jurisdiction consortia, which, in turn, may differ from small city prime sponsors. Community-based organizations, schools and union organizations vary in their interests and comparative advantages as delivery agents. Nationally-linked community-based groups may, in turn, differ from indigenous neighborhood organizations, and in the same local area, one indigenous organization will be different from another.

All decisionmakers must consider the federal law and the regulations, but both consciously leave room for a range of differing interpretations. Sticks and carrots--both financial and bureaucratic--affect decisionmakers at each level. Institutional history, linkages, and personality all play a role. Real needs and perceptions of these needs vary widely, as do the institutional conditions which affect how these needs can best be met. Varying contractual and planning procedures influence the substance as well as the form of decisions. It is not surprising, then, that in almost every dimension of CETA activity and performance there is enormous variability.

To begin with, there is widely-varying emphasis on training vs. job creation. Prime sponsors have the authority to use almost all their CETA-allocated funds for training. The usual alternative is to support subsidized jobs of one sort or another. Some prime sponsors do almost no training, relying primarily on job creation and to some extent, on direct referral and transition services. Others focus almost exclusively on training. As an average among prime sponsors, half of participants under Title IIBC of CETA in fiscal 1980 were enrolled in classroom training, but a fifth of prime sponsors enrolled less than 20 percent of participants in this component, while a tenth enrolled over four-fifths (Figure 4.1). The

Figure 4.1
Variations in Prime Sponsor Training Activity
Under Title IIBC, Fiscal 1980

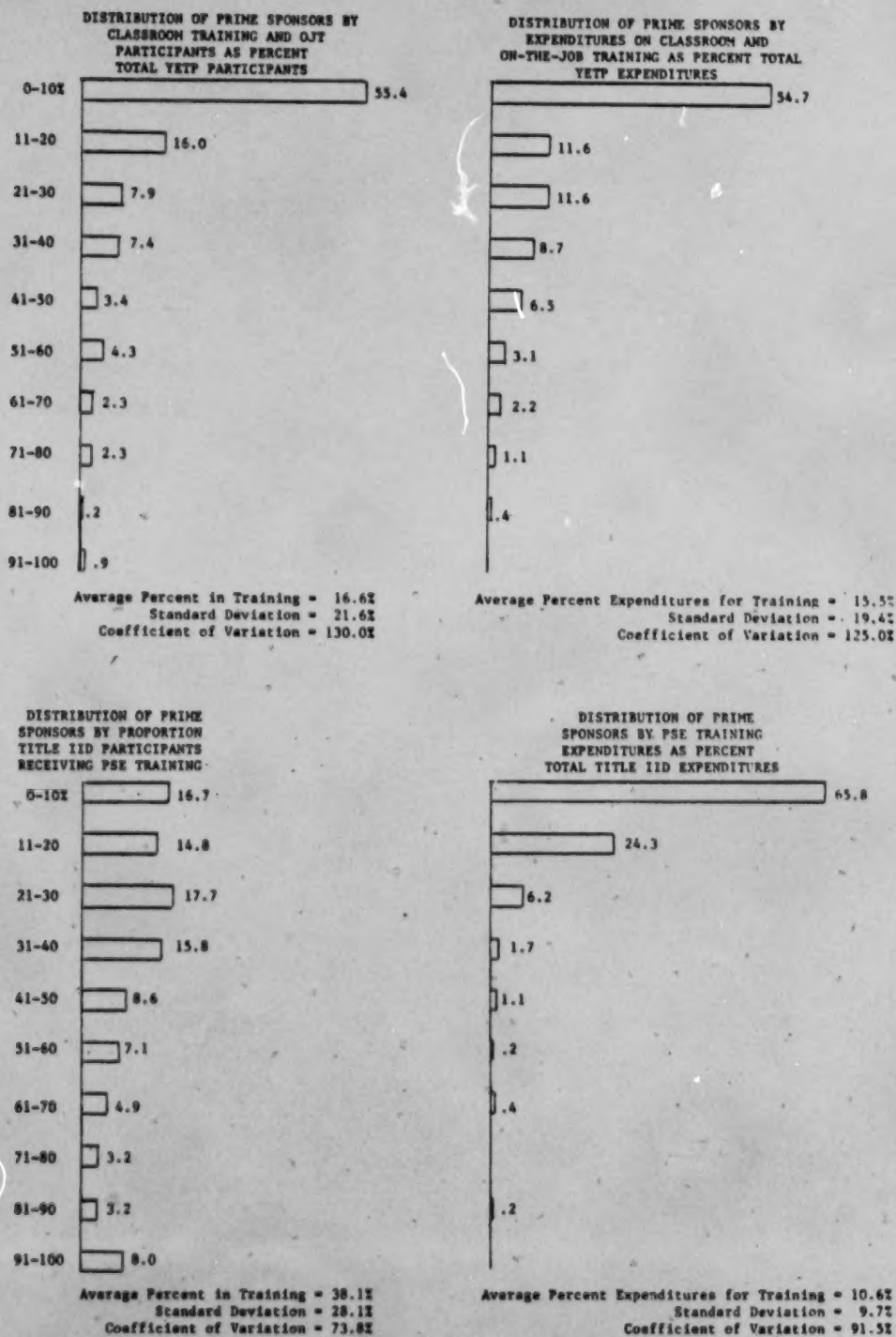


Source: Employment and Training Administration, Management Information System Reports, Fiscal 1980.

standard deviation for the classroom training shares among prime sponsors was 43 percent of the mean (this ratio is a statistical measure of variability called the coefficient of variation). On-the-job training enrollments averaged 11 percent of Title IIBC participants, but over half of sponsors had less than 10 percent of enrollees in OJT, while one in ten sponsors enrolled more than 30 percent.

There was even greater variation among prime sponsors in their emphasis on training under the other titles of CETA (Figure 4.2). Under Title IID, the average prime sponsor enrolled 38 percent of participants in mostly part-time training, using 11 percent of PSE expenditures for this purpose.^{1/} The coefficient of variation--the ratio of the standard deviation to the mean--was 74 percent for the participant share and 92 percent for the cost share. Under Youth Employment and Training Programs--

Figure 4.2
Variations in Prime Sponsor Training Activity
Under Title IID PSE and Title IV YETP Programs

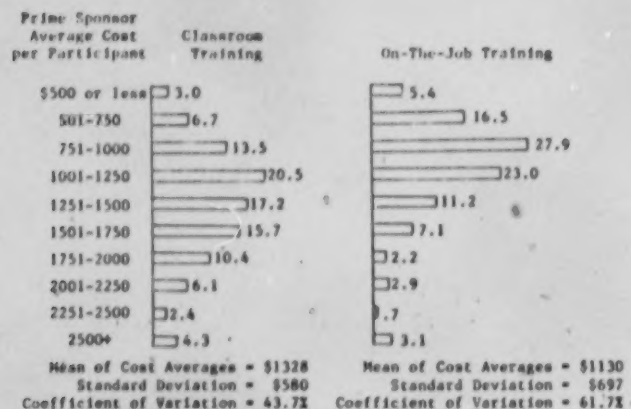


Source: Employment and Training Administration, Management Information System Reports, Fiscal 1980.

which offer the same comprehensive service possibilities as IIB--the proportion of participants in classroom training or OJT averaged 17 percent, but the coefficient of variation was 130 percent.

Prime sponsors may also choose to invest intensively in a few individuals or to spread resources by using less costly treatments. In fiscal 1980, there was enormous variance in costs per participant--much more than could be explained by the differences in the costs of providing similar training in different areas. A fourth of prime sponsors spent less than \$1000 per classroom trainee under Title IIBC, while one in eight spent over \$2000, even though the average was \$1328 (Figure 4.3). The OJT cost per participant averaged \$1130 across prime sponsors, but the standard deviation among prime sponsors equalled three-fifths of the mean.

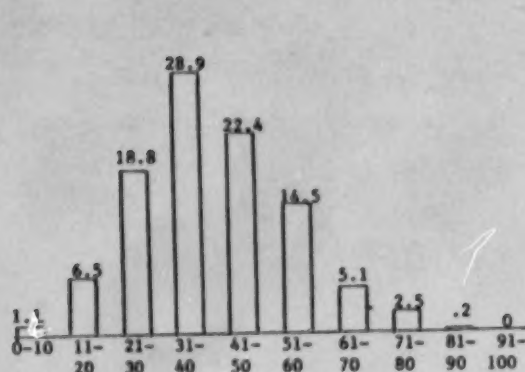
Figure 4.3
Distribution of Prime Sponsors by Cost Per Participant
In Title IIBC Training Programs, Fiscal 1980



Source: Employment and Training Administration, Management Information System Reports, Fiscal 1980.

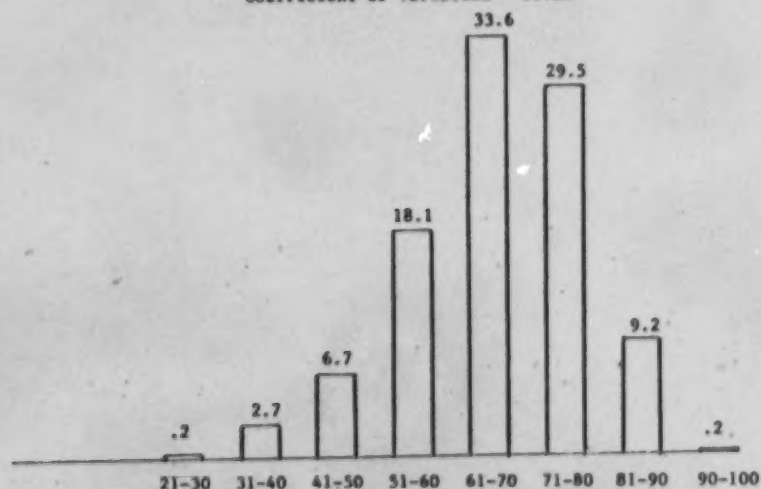
Prime sponsors also varied enormously in the outcomes from the services they offered. While data do not permit a determination of the outcomes for participants in each separate component of Title IIBC, the average outcomes in 1980 were obviously related to the outcomes from training since three-fifths of IIBC participants were in OJT or classroom training. The "positive termination" rate (i.e., the proportion of trainees who were either employed, returned to school, entered training or the military, or achieved program objectives) averaged 67 percent across prime sponsors, and the coefficient of variation was a relatively low 18 percent (Figure 4.4). But "positive termination" is a catch-all category, and the differences between placement or "entered employment" rates were more significant. As an average for all prime sponsors, only two-fifths of Title IIBC trainees entered employment, but a fourth of prime sponsors placed less than 30 percent while another fourth succeeded in placing over half. Given the variance in both costs per participant and in successful termination rates, it is no surprise to find vast differences in the cost

Figure 4.4
Variations in Prime Sponsor Outcomes Under Title IIBC, Fiscal 1980



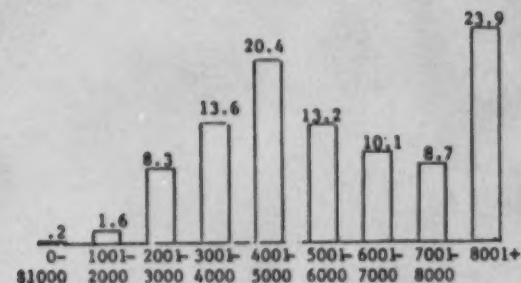
Distribution of Prime Sponsors by
"Entered Employment" Rate

Average For All Primes = 40.2%
Standard Deviation = 14.2%
Coefficient of Variation = 35.3%



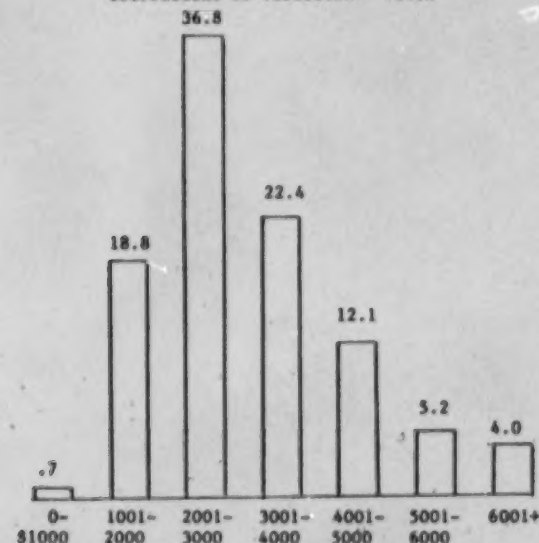
DISTRIBUTION OF PRIME SPONSORS BY
POSITIVE TERMINATION RATE

Average For All Primes = 66.7%
Standard Deviation = 12.1%
Coefficient of Variation = 18.1%



Distribution of Prime Sponsors by
Cost per Placement

Average For All Primes = \$6508
Standard Deviation = \$4572
Coefficient of Variation = 70.3%



DISTRIBUTION OF PRIME SPONSORS BY
COST PER POSITIVE TERMINATION

Average For All Primes = \$3170
Standard Deviation = \$1938
Coefficient of Variation = 61.1%

per positive outcome. While prime sponsors averaged \$3170 cost per positive termination, the coefficient of variation was 61 percent. The cost per placement averaged \$6508 but had a coefficient of variation of 70 percent.

Possible Causes for Diversity

In light of the preceding evidence that OJT is an extremely effective strategy, that classroom training, particularly of long-duration, pays off, that placement upon termination is a key factor related to long-term as well as immediate gains, and that work experience has little post-program impact, these disparities in service mix, costs, and placements take on a critical importance. A primary thrust of the Comprehensive Employment and Training Act was to localize decisionmaking under federally-funded manpower programs so that choices concerning who would be served and how would be based on the needs of each community, its economic conditions, and delivery capacities. The instrument for promoting rational local decisionmaking was the annual plan. Each year the prime sponsor must assess local labor market conditions and the universe of need, deciding on the participants and services for the coming year. The federally-required planning procedures place a heavy emphasis on presentation of labor market data and assessment of labor market trends, as well as of the relative needs of various population segments. One would expect, then, that the variations in local conditions, and in target groups selected on the basis of needs analysis, would be major factors explaining the diversity in training levels and intensities. Since unemployment rates are used to allocate funds, and since this is probably the best available indicator of relative labor market conditions, it would be reasonable to expect different service patterns in high unemployment areas--for instance more OJT in tight labor markets, or a priority on job creation in areas facing severe job deficits. If target groups were selected on the basis of need, with subsequent decisions about how best to serve them, it would also be reasonable to expect differences in service mix paralleling differences in participant mix. The youth share should, in particular, be a primary factor, considering that OJT may not be appropriate where education is not completed or career plans are uncertain, and that nationwide, youth are less frequently assigned to classroom training than other CETA entrants. The Youth Employment and Demonstration Projects Act of 1977 froze the youth share under Title IIBC to the level of fiscal 1977 in order to avoid slippage in the existing service levels under comprehensive programs as new resources were added specifically for youth programs. A constant complaint from advocates of decentralization was that this federal intervention not only resulted in services to youth out of proportion to need in some local areas, but that it necessitated a continuing emphasis on work experience. To the extent these complaints were valid, there should have been a negative relationship between the youth share among participants and both on-the-job and classroom training levels.

Surprisingly, local unemployment rates and the youth shares among participants bore almost no relationship to prime sponsors service mix decisions. Regression equations relating the OJT and classroom training shares of prime sponsors under Title IIBC in fiscal 1980 to their youth shares among IIBC participants and their unemployment rates yield very low coefficients of determination (or r^2 which is a measure of the percent of

variance in the dependent factor explained by the variance of the independent factors), as well as low regression coefficients (the degree that change in one variable is associated with change in another): 2/

Equation 1. Prime sponsor IIBC classroom training participants as percent of total IIBC participants = $a + b$ (prime sponsor unemployment rate) + c (percent of IIBC participants who were under age 22).

$$\begin{aligned} r^2 &= .08 \\ a &= 80.3 \\ b &= -.60 \\ c &= -.55 \end{aligned}$$

Interpretation--The unemployment rate among prime sponsors averaged 7.0 percent in 1980 and the standard deviation was 2.6 percentage points (i.e., two of three prime sponsors had unemployment rates between 4.4 and 9.6 percent). A prime sponsor with an unemployment rate a standard deviation above average was likely to have a 1.6 percentage point lower proportion of IIBC participants enrolled in classroom training. This increment represented less than a tenth of a standard deviation in the classroom training shares of prime sponsors. In other words, a very large relative difference in the local unemployment rate was associated with a relatively much smaller difference in the classroom training share. The 1980 youth share was 48.3 percent with a standard deviation of 7.8 percentage points. A prime sponsor with a youth share a standard deviation above average was likely to have a 4.3 percentage point lower proportion of IIBC participants enrolled in classroom training, which represented only a fifth of a standard deviation in the classroom training share. However, variations in unemployment rates and in the youth shares among prime sponsors explained only 8 percent of the variation in classroom training shares. Other factors clearly predominated in determining the emphasis on classroom training.

Equation 2. Prime sponsor IIBC classroom training expenditures as a percent of total IIBC expenditures not including administration = $a + b$ (prime sponsor unemployment rate) + c (percent of IIBC participants who were under age 22).

$$\begin{aligned} r^2 &= .06 \\ a &= 69.9 \\ b &= -.42 \\ c &= -.40 \end{aligned}$$

Interpretation--A prime sponsor with an unemployment rate a standard deviation above average was likely to have a 1.1 percentage point lower proportion of IIBC funds committed to classroom training. This increment represented only 6 percent of a standard deviation in classroom training expenditures. A youth share one standard deviation above average was associated with a 3.1 percentage point lower classroom training expenditure share, an increment representing less than a fifth of a standard de-

viation. However, the variance in unemployment rates and youth shares among prime sponsors explained only 6 percent of the variance in classroom training expenditure shares.

Equation 3. Prime sponsor IIBC on-the-job training participants as a percent of total IIBC participants = $a + b$ (prime sponsor unemployment rate) + c (percent of IIBC participants who were under age 22).

$$\begin{aligned} r^2 &= .03 \\ a &= 9.9 \\ b &= .61 \\ c &= -.05 \end{aligned}$$

Interpretation--A prime sponsor with an unemployment rate one standard deviation above average was likely to have a 1.6 percentage point higher on-the-job training share. While this represented less than a fifth of a standard deviation in the OJT shares of prime sponsors, the relationship was contrary to the hypothesis that lower employment would facilitate more OJT. A standard deviation increment in the youth share was associated with a .4 percentage point decrement in the OJT share, or less than a twentieth of a standard deviation. In other words, increased youth service levels did not appear to constrain OJT levels. Together, the variations in the unemployment and youth shares explained very little of the diversity in OJT levels.

Equation 4. Prime sponsor IIBC on-the-job and classroom training participants as a percent of total IIBC participants = $a + b$ (prime sponsor unemployment rate) + c (percent of all IIBC participants who were under 22).

$$\begin{aligned} r^2 &= .18 \\ a &= 100.5 \\ b &= .41 \\ c &= -.84 \end{aligned}$$

Interpretation--A prime sponsor with an unemployment rate a standard deviation above average was likely to have a .9 percentage point greater share of participants in training. Although this represented less than 5 percent of a standard deviation in the training share, the finding is contrary to the expectation that work experience rather than training would be emphasized in areas with larger job deficits. An increment of a standard deviation in the youth share was associated with a 9.0 percentage point decrement in the training share, representing almost two-fifths of a standard deviation. The differences among prime sponsors in unemployment rates and youth shares offered more explanation for the variations in the overall training emphases than they did for the OJT or classroom training shares alone. In other words, economic conditions and particularly the youth enrollment affected the decision to emphasize training vs. work more than the decision over which type of training to provide.

The prime sponsor receives funds under several different titles which authorize similar activities. As noted, both YETP and Title IID provide for the same services available under IIB (i.e., excluding upgrading and retraining). It is plausible that prime sponsors would make decisions on how to use Title IIBC funds in consideration of the services provided under these other titles. One reasonable hypothesis is that prime sponsors with higher levels of training under Title IIBC would need to put less emphasis on training under PSE and YETP. This hypothesis is not supported by the evidence:

Equation 5. Prime sponsors' classroom and on-the-job training expenditures as a percent of Title IIBC expenditures = a + b (prime sponsor's PSE expenditures for training as a percent of total PSE expenditures) + c (prime sponsor YETP expenditures on training as a percent of total YETP expenditures) + d (percent of Title IIBC participants who were under age 22).

$$\begin{aligned} r^2 &= .20 \\ a &= 60.35 \\ b &= .19 \\ c &= .28 \\ d &= -.24 \end{aligned}$$

Interpretation--Prime sponsors offering more training under PSE and YETP also emphasized training under Title IIBC. A prime sponsor with a PSE training expenditure share a standard deviation above average was likely to have a Title IIBC training expenditure share 1.9 percentage points above average, which represented an eighth of a standard deviation among prime sponsors Title IIBC training shares. A standard deviation increment in the YETP training expenditure share was associated with a 5.6 percentage point increment in the Title IIBC training share, or nearly a third of its standard deviation.

Prime sponsors consist of units of government serving populations of 100,000 or more, consortia of governmental units with a combined population over 100,000, and states which serve all the remaining jurisdictions with lesser populations. The governmental decisionmaking units, thus, include states, cities, counties and consortia (and a few hybrids such as trust territories and rural CEPs). These prime sponsors vary enormously in population and population density. Government structure and size might be expected to have some impact on service decisions. For instance, smaller jurisdictions might be more aware of local employers and more capable of forging OJT linkages, but might be less likely to have classroom training facilities. Large cities or counties with high unemployment rates might emphasize job creation moreso than state governments because the political benefits are greater than when jobs are so widely distributed that they have negligible impacts in any location. Consortia--created to take advantage of job and training opportunities throughout a labor market--might be expected to put greater emphasis on OJT and training.

Service patterns do vary by governmental unit and prime sponsor size, but the patterns of variation are complex (Table 4.1). First, it appears that consortia and states generally place less emphasis on classroom train-

Table 4.1
1980 Title IIBC Training Activity by Size and Structure of Prime Sponsors

	Number With Complete Data*	Classroom Training Participants as Percent of Total IIBC Participants*		Classroom Training Expenditures as Percent of Total IIBC Expenditures*		OJT Participants as Percent of Total IIBC Participants*		OJT Expenditure as Percent of Total IIBC Expenditures*		Classroom Training and OJT Participants as Percent of Total IIBC Participants*	Classroom Training and OJT Expenditures as Percent of Total IIBC Expenditures*
		Mean	Standard Deviation	Mean	Standard Deviation	Mean	Standard Deviation	Mean	Standard Deviation	Mean	Mean
Labor Force Less Than 100,000											
Consortia	32	42.9%	19.1%	43.7%	16.1%	13.1%	9.7%	8.5%	6.4%	56.0%	52.2%
Cities	38	59.9	17.9	56.5	12.5	9.2	7.0	6.5	5.7	69.1	63.0
Counties	111	51.4	24.4	44.8	19.2	13.1	9.6	10.3	7.4	64.5	55.1
States	3	45.6	10.6	45.0	13.5	23.7	16.5	15.4	8.1	69.3	60.4
Rural CEP	4	34.8	34.2	30.6	15.5	16.4	6.8	10.0	6.2	51.2	40.6
Total	188	51.3		46.6		12.6		9.3		63.9	56.1
Labor Force 100,000-200,000											
Consortia	53	47.1	16.5	49.0	16.6	9.0	5.6	8.1	7.4	56.1	57.1
Cities	17	48.2	20.3	55.0	17.7	8.7	6.1	11.3	10.3	56.9	66.3
Counties	42	52.2	19.6	48.2	14.8	11.1	6.3	10.1	6.7	63.3	58.3
States	2	36.3	--	40.0	--	18.2	--	12.6	--	54.5	52.6
Total	114	49.0		49.4		9.9		9.4		58.8	58.8
Labor Force 200,000-500,000											
Consortia	34	48.8	22.9	47.4	15.1	10.3	7.0	8.0	5.8	59.1	55.4
Cities	12	61.0	19.0	57.7	12.8	6.2	5.5	5.2	3.7	67.2	62.9
Counties	27	65.4	21.9	61.9	13.1	8.5	7.3	6.2	4.5	73.9	68.1
States	16	34.2	15.3	36.2	12.5	16.1	9.9	15.4	11.9	50.3	51.6
Total	89	52.8		51.2		10.2		8.4		63.1	59.6
Labor Force 500,000+											
Consortia	8	52.6	28.8	50.4	27.1	15.8	14.6	10.5	8.5	68.4	60.9
Cities	8	51.6	24.3	50.7	17.5	10.0	8.2	9.9	6.7	61.6	60.6
Counties	4	40.3	8.1	51.3	12.5	9.5	7.9	10.0	7.3	49.8	61.3
States	20	33.7	12.8	41.6	12.7	14.4	8.7	11.2	5.5	48.1	52.8
Total	40	40.4		45.4		13.5		10.8		54.3	56.2

*The training activity levels for each classification are the average of the levels for the various prime sponsors in this classification rather than a weighted average.

Source: Employment and Training Administration, Department of Labor, unpublished Management Information System data for fiscal 1980.

ing, as judged by expenditure and participant shares, than do cities and counties. Second, there is modestly increasing emphasis on classroom training up through the 200,000-500,000 prime sponsor size range and then a decrease beyond that point. Third, OJT activity is most prevalent under balance-of-state programs, and tends to be lower in cities. Fourth, there is no clear relationship between prime sponsor size and OJT activity, although the OJT emphasis appears to be least in cities and counties with labor forces of 200,000-500,000, i.e., the same areas where classroom training is given greater emphasis.

Regression analysis helps to sort out these patterns, adjusting for differences in unemployment rates and youth shares between prime sponsors of differing sizes and governmental structures:

Equation 6. Prime sponsor classroom and on-the-job trainees as a percent of total IIBC participants in fiscal 1980 = $a + b$ (size of prime sponsor labor force: 1 if less than 200,000; 0 if 200,000 or more) + c (prime sponsor unemployment rate) + d (percent of IIBC participants who were under age 22).

$$\begin{aligned} r^2 &= .08 \\ a &= 88.46 \\ b &= -.04 \\ c &= -.16 \\ d &= -.55 \end{aligned}$$

Interpretation--The labor force size of a prime sponsor had very little impact on the training shares after considering the differences in unemployment rates and youth shares. The relationship between unemployment rates and training levels was slightly negative but inconsequential, since a standard deviation increase in unemployment was associated with a .3 percentage point increase in training share.

Equation 7. Prime sponsor on-the-job trainees as a percent Title IIBC participants fiscal 1980 = $a + b$ (size of prime sponsor labor force: 1 if less than 200,000; 0 if 200,000 or more) + c (type of government unit: 1 if state; 0 if city, county or consortia) + d (prime sponsor unemployment rate).

$$\begin{aligned} r^2 &= .06 \\ a &= 6.3 \\ b &= 1.47 \\ c &= 5.53 \\ d &= .57 \end{aligned}$$

Interpretation--Larger prime sponsors had on-the-job training shares 1.47 percentage points above smaller, nonstate prime sponsors. This differential represented a fifth of a standard deviation in the OJT share. State prime sponsors had OJT share 5.53 percentage points higher after controlling for the effects of size and unemployment. This increment represented nearly two-thirds of a standard deviation. This would suggest that small balance-of-state jurisdictions and small prime sponsors have more access to employers or greater preference for OJT.

Equation 3. Prime sponsor classroom trainees as a percent Title IIBC participants = $a + b$ (size of prime sponsor labor force: 1 if less than 100,000 labor force and 0 if greater) + c (prime sponsor unemployment rate) + d (percent IIBC participants who were under age 22).

$$\begin{aligned} r^2 &= .14 \\ a &= 86.1 \\ b &= +4.02 \\ c &= -.10 \\ d &= -.74 \end{aligned}$$

Interpretation--Small jurisdictions were apparently not lacking in classroom training facilities, or at least this was not reflected in their service mix. Prime sponsors with less than 100,000 labor force had a slightly higher percentage of classroom training participants after controlling for differences in unemployment rates and youth shares.

Another factor which may explain the diversity in service mix is variance in interpretation and enforcement of national policies by the Department of Labor regional offices. The regions must review and approve plans, and could, presumably, pressure the prime sponsors into undertaking more OJT or classroom training. Performance monitoring efforts might also vary. For instance, ambitious OJT targets are seldom met. If a region pressures prime sponsors to maintain or improve OJT shares from year to year, and if it follows through with enforcement efforts, the result may be a greater incidence of OJT for sponsors in the region. It is also possible that prime sponsors in different areas of the country share different perspectives, or institutional and historical factors which lead to similarities in behavior. For instance, the prime sponsors in Region IX (San Francisco) are largely concentrated in California and might, therefore, uniformly take advantage of the extensive and low cost state post-secondary education system. The 1960s categorical jobs programs concentrated disproportionate funding in the large Northeast cities, so that historical patterns may have been established which have only gradually been altered under CETA.

There are significant differences between regions in the levels of training activity (Table 4.2). In fiscal 1980, prime sponsors in Regions III (Philadelphia), IV (Atlanta), VII (Kansas City), and IX (San Francisco) put the most emphasis on classroom training. Sponsors in Regions II (New York), VIII (Denver), IX (San Francisco), and X (Seattle) gave greatest priority to OJT. Total expenditures for training were lowest among prime sponsors in Regions VI (Dallas), X (Seattle), and V (Chicago). There was a 16 percentage point differential between the regions with the highest and lowest shares of participants in training.

Regression analysis suggests that the variability among regions was not the result of differing unemployment rates or youth shares for the prime sponsors within the various regions.

Table 4.2
Variations Between Department of Labor Regions in Training Activities
of Prime Sponsors Under Title I/BC, Fiscal 1980

	Classroom Training Participants as Share of Total Participants	Classroom Training Expenditures as Share of Total Expenditures	OJT Participants as Share of Total Participants	OJT Expenditures as Share of Total Expenditures	Training Participants as Share of Total Participants	Training Expenditures as Share of Total Expenditures
Region I (Boston)	47.8%	47.5%	12.6%	9.0%	60.4%	57.5%
Region II (New York)	51.2	48.8	15.5	11.7	66.7	60.0
Region III (Philadelphia)	52.9	51.2	9.0	6.4	61.9	60.6
Region IV (Atlanta)	51.6	51.6	9.0	6.7	59.6	59.2
Region V (Chicago)	49.8	46.8	8.7	8.2	58.5	55.0
Region VI (Dallas)	42.1	43.2	11.4	8.6	53.5	51.8
Region VII (Kansas City)	55.9	55.2	13.8	10.1	69.7	65.3
Region VIII (Denver)	50.1	45.9	16.4	8.1	66.5	64.0
Region IX (San Francisco)	55.8	51.6	13.4	11.7	67.5	63.3
Region X (Seattle)	42.6	42.7	15.9	12.1	58.5	54.8

*The training activity levels for each Region are the mean of the activity levels for each prime sponsor rather than a weighted average.

Source: Employment and Training Administration, Department of Labor, unpublished management information system data for fiscal 1980.

Equation 9. Prime sponsor classroom and on-the-job trainees as a percent Title IIBC participants = $a + b$ (region in which prime sponsor located: 1 if Region II, VII, VIII or IX; 0 if other) + c (prime sponsor unemployment rate) + d (percent IIBC participants who were under age 22).

$$\begin{aligned} r^2 &= .18 \\ a &= 96.5 \\ b &= 4.00 \\ c &= .33 \\ d &= -.78 \end{aligned}$$

Interpretation--The greater emphasis on training (and hence, less on work experience) in the regions averaging the higher training shares was not a reflection of the youth shares or unemployment rates of prime sponsors in these regions.

Equation 10. Prime sponsor on-the-job trainees as a percent of IIBC participants = $a + b$ (region in which prime sponsor located: 1 if Region II, VIII or X; 0 if other) + c (prime sponsor unemployment rate) + d (percent of IIBC participants who were under age 22).

$$\begin{aligned} r^2 &= .07 \\ a &= 10.6 \\ b &= 4.0 \\ c &= .29 \\ d &= -.04 \end{aligned}$$

Interpretation--The prime sponsors in Regions II, VIII or X had a half a standard deviation higher OJT share than prime sponsors in other regions, after adjusting for differences in unemployment rates and youth shares.

Variations in the per participant costs are affected by idiosyncratic participant flow patterns (i.e., some prime sponsors may have stable participation levels for an entire year while others have phased up in the latter part of the year) and by differences in costs for training of a given type and intensity. But since the cost of training per se is usually related to duration per participant and the intensity per week, particularly since allowance components increase with hours of treatment, the per participant cost variations are primarily related to variations in intensity and duration of training.

For all prime sponsors, the cost per participant for IIBC classroom training in 1980 was negatively related to the percentage of participants in training (correlation coefficient = $-.18$) and the cost-per participant in classroom training bore very little relationship to the cost-per participant in on-the-job training (correlation coefficient = $+.05$). Differences between prime sponsor unemployment rates and the youth shares had very limited relationship to variations in per participant costs:

Equation 11. Prime sponsor cost per participant in Title IIBC classroom training = $a + b$ (prime sponsor unemployment rate) + c (percent IIBC participants who were under age 22) + d (classroom trainees as a percent of total IIBC participants).

$$\begin{aligned} r^2 &= .07 \\ a &= \$1698 \\ b &= \$24.5 \\ c &= -\$3.4 \\ d &= -\$7.2 \end{aligned}$$

Interpretation--A prime sponsor with an unemployment rate a standard deviation above average was likely to have a classroom training cost per participant 4 percent above the average, which could reflect lower dropout rates due to limited alternatives, or could be related to more intensive training as a policy in higher unemployment areas. A prime sponsor with a youth share a standard deviation above average was likely to have a \$37 lower cost, probably because less expensive "other classroom training" was provided more frequently to youth. A standard deviation increment in the classroom training share was associated with a \$157 decrement in cost, which represented 11 percent of the mean cost or three-tenths of a standard deviation.

Equation 12. Prime sponsor cost per participant in Title IIBC OJT = $a + b$ (prime sponsor unemployment rate) + c (percent IIBC participants under age 22) + d (prime sponsor on-the-job trainees as percent IIBC participants).

$$\begin{aligned} r^2 &= .06 \\ a &= \$1357 \\ b &= -\$29.5 \\ c &= \$2.3 \\ d &= -\$14.1 \end{aligned}$$

Interpretation--An unemployment rate a standard deviation above average was associated with an OJT cost \$67 or 6 percent below average. While this represented only a tenth of a standard deviation in OJT costs, there was apparently no premium to secure OJT slots in high unemployment areas. Likewise, a prime sponsor with an OJT participant share a standard deviation above the mean was likely to have average costs \$120 or 6 percent below the mean, suggesting that generosity in employer reimbursement was not the means they used to secure more OJT slots.

The average cost for classroom training was a sixth higher among primes with a labor force of 500,000 or more than among those with a labor force less than 100,000 (Table 4.3). OJT costs were lower in the smallest primes. States had lower costs for classroom training than other units of government (perhaps because of the use of state-funded training and education facilities), and for OJT (perhaps because costs were less in rural balance-of-state operations). There were some substantial cost differences between the prime sponsors in different regions (Table 4.4). Regions II (New York) and III (Philadelphia) had the highest cost per

Table 4.3
1980 Title IIBC Training Costs by Size
and Structure of Prime Sponsors

	Number With Complete Data*	Classroom Training Expenditures per Participant*		OJT Expenditures per Participant*	
		Mean	Standard Deviation	Mean	Standard Deviation
Labor Force Less Than 100,000					
Consortia	32	\$1487	\$ 608	\$ 871	\$ 333
Cities	38	1459	518	952	471
Counties	111	1211	514	1018	384
States	3	1188	262	877	170
Rural CEP	4	1411	515	740	270
Total		1314		973	
Labor Force 100,000-200,000					
Consortia	53	1397	589	1135	640
Cities	17	1434	684	1948	2024
Counties	42	1380	558	1211	411
States	2	1740	--	920	--
Total		1402		1208	
Labor Force 200,000-500,000					
Consortia	34	1447	581	1075	330
Cities	12	1447	469	1613	1030
Counties	27	1474	388	1206	678
States	16	1314	453	1104	443
Total		1431		1192	
Labor Force 500,000+					
Consortia	8	1375	576	1186	677
Cities	8	1638	618	1914	1081
Counties	4	1845	469	1593	482
States	28	1485	467	968	292
Total		1522		1214	

*The training cost levels for each classification are the average of the levels for the various prime sponsors in this classification rather than a weighted average.

Source: Employment and Training Administration, Department of Labor, unpublished management information system data for fiscal 1980.

Table 4.4
Variations Between Department of Labor Regions in Title IIBC
Training Costs, Fiscal 1980

	Classroom Training Cost per Participant*	OJT Cost per Participant*
Region I (Boston)	\$1335	\$ 991
Region II (New York)	1509	1660
Region III (Philadelphia)	1480	1060
Region IV (Atlanta)	1411**	916**
Region V (Chicago)	1278	1203
Region VI (Dallas)	1380	1105
Region VII (Kansas City)	1332	920
Region VIII (Denver)	1069	1139
Region IX (San Francisco)	1335	1219
Region X (Seattle)	1407	1078

*The training cost levels for each region are the average of the levels for the prime sponsors in the region rather than a weighted average.

**Excludes one balance-of-state prime sponsor with extraordinarily high cost per participant.

Source: Employment and Training Administration, Department of Labor, unpublished management information system data for fiscal 1980.

classroom training participant. Region I had by far the highest costs per OJT participant, while Regions VII (Kansas City) and IV (Atlanta) had the lowest. The difference in classroom training costs from the lowest- to highest-cost region was more than two-fifths, while for OJT it was four-fifths.

The variation in outcomes as measured by placement rates, positive terminations, costs per placement and costs per positive termination may be explained by differences in service mix, service intensity, participant mix and local economic conditions. Presumably the residual reflects either real differences in the effectiveness of services and placement or else aberrations in the data.

The degree of emphasis on training is only a minor factor in explaining outcomes (Table 4.5). A prime sponsor with Title IIB OJT levels a standard deviation above the average for all prime sponsors in 1980 was likely to have a .6 percentage point higher positive termination rate. Differences in classroom training shares had almost no relationship to positive termination rates.

Table 4.5
Title IIB, Positive Termination Rate FY 1980 (N = 399)

$$r^2 = 22.1$$

<u>Local Factors</u>	<u>Percentage point change in positive termination rate associated with a 1 percentage point change in the factor (except as noted)</u>
<u>Enrollee Characteristics</u>	
Percent female	.26
Percent age 14-15	.46
Percent age 16-19	.15
Percent age 45-54	.51
Percent age 55+	.01
Percent black	-.04
Percent Hispanics	-.04
Percent other minorities	.15
Percent AFDC recipients	-.07
<u>Program Mix Variables</u>	
Percent participants in OJT	.07
Percent participants in classroom training--skill	-.01
Percent participants in classroom training--other	.00
Average length of stay	A one-month increase in length of stay was related to a 1.47 percentage point decrease in the positive termination rate.
<u>Cost per enrollee</u>	
	A \$100 increase in cost per enrollee was related to a .04 percentage point increase in the positive termination rate.
<u>Local Economic Variables</u>	
Unemployment rate	-.34
Employment growth rate	.15

Source: Department of Labor, Office of Assistant Secretary for Policy, Evaluation and Research, unpublished calculations for performance indicators work group.

Several simpler regressions focusing on the training intensity also find little relationship to positive termination rates:

Equation 12. Prime sponsor Title IIBC positive termination rate = $a + b$ (prime sponsor unemployment rate) + c (percent IIBC participants under 22) + d (percent IIBC participants in classroom training or OJT).

$$\begin{aligned} r^2 &= .04 \\ a &= 64.1 \\ b &= .05 \\ c &= .15 \\ d &= -.05 \end{aligned}$$

Interpretation--More training was associated with a slightly lower positive termination rate while an increased youth share was associated with a higher rate (because return to school for in-school programs is counted as a positive termination). However, the service mix factor was negligible. A standard deviation in the training share was associated with only a 1 percentage point difference in the positive termination rate.

Equation 13. Prime sponsor Title IIBC positive termination rate = $a + b$ (prime sponsor unemployment rate) + c (percent IIBC participants under age 22) + d (cost per participant in IIBC classroom training and OJT) =

$$\begin{aligned} r^2 &= .03 \\ a &= 60.19 \\ b &= -.13 \\ c &= +.19 \\ d &= -.00 \end{aligned}$$

Interpretation--More intensive or expensive training was not related to increases in the positive termination rate.

In light of the earlier evidence that placement status at termination as recorded by the prime sponsor was a powerful predictor of individual earnings gains relative to matched controls, the variances in placement rates among prime sponsors are of considerable interest. Differences in service and participant mixes and local economic conditions explained nearly two-fifths of the variance among prime sponsors in their fiscal 1980 placement (entered employment) rates (Table 4.6). However, program mix factors were only a minor part of the picture. OJT contributed to higher placement rates, but a prime sponsor with an OJT share one standard deviation above the mean had a predicted placement rate only 2.5 percentage points higher, which represented less than a fifth of a standard deviation in the placement rate. Placement rates were slightly higher where more skill training was provided, but other training was associated with marginally lower placements.

Table 4.6
Title IIB, Entered Employment Rate FY 1980 (N = 399)

$$r^2 = .38$$

Percentage point change in entered employment rate associated with a 1 percentage point increase in the factor (except as noted)

Local Factors

Enrollee Characteristics

Percent female	.03
Percent age 14-15	-.36
Percent age 16-19	-.24
Percent age 45-54	.39
Percent age 55+	.28
Percent black	-.05
Percent Hispanics	-.03
Percent other minorities	.18
Percent AFDC recipients	-.16

Program Mix Variables

Percent OJT	.29
Percent classroom training--skill	.01
Percent classroom training--other	-.04
Average length of stay	

A one-month increase in length of stay was related to a .33 percentage point decrease in entered employment rate.

Cost per enrollee

A \$100 increase in cost per enrollee was related to a .06 percentage point increase in entered employment rate.

Local Economic Variables

Unemployment rate	-1.62
Employment growth rate	.30
Quit rate	.40

Source: Department of Labor, Office of Assistant Secretary for Policy, Evaluation and Research, unpublished calculations for performance indicators work group.

Several simpler regressions focusing on the training variables support the conclusions from the more detailed regressions:

Equation 16. Prime sponsor IIBC placement rate = $a + b$ (prime sponsor unemployment rate) + c (percent IIBC participants under age 22) + d (classroom and on-the-job trainees as percent total IIBC participants).

$$\begin{aligned} r^2 &= .16 \\ a &= 71.3 \\ b &= -1.16 \\ c &= -.51 \\ d &= .00 \end{aligned}$$

Interpretation--While the unemployment rates and the youth shares strongly affected placement rates, there was no observable relationship between the training share and the placement rate.

Equation 17. Prime sponsor IIBC placement rate = $a + b$ (prime sponsor unemployment rate) + c (percent IIBC participants under age 22) + d (classroom and on-the-job training expenditures as percent total IIBC expenditures).

$$\begin{aligned} r^2 &= .16 \\ a &= 73.4 \\ b &= -1.16 \\ c &= -.53 \\ d &= -.02 \end{aligned}$$

Interpretation--There was almost no relationship between variations in training expenditure shares and placement rates.

Equation 18. Prime sponsor IIBC positive termination rate = $a + b$ (prime sponsor unemployment rate) + c (percent IIBC participants who were under age 22) + d (expenditures per participant in classroom training and OJT).

$$\begin{aligned} r^2 &= .18 \\ a &= 69.4 \\ b &= -1.28 \\ c &= -.52 \\ d &= +.003 \end{aligned}$$

Interpretation--A prime sponsor with training costs (intensity) a standard deviation above average was likely to have a 1.7 percentage point higher placement rate. The coefficient is so small that this is not a dependable estimate, but it is consistent with the higher placement rates noted in the CLMS for long stayers in training.

The cost per placement from Title IIB was also affected very modestly by the program mix (Table 4.7). A standard deviation increase in the OJT share was associated with a 6 percent lower average cost per placement. Conversely, a standard deviation increase in skill training shares was associated with a 4 percent increase in costs per placement, and other classroom training with a 3 percent increase, presumably because classroom trainees returned to school rather than entered the labor market.

Table 4.7
Title IIB, Cost Per Entered Employment FY 1980 (N = 399)

$$r^2 = .39$$

Local Factors

Enrollee Characteristics

Percent female	8.65
Percent age 14-15	46.23
Percent age 16-19	6.85
Percent age 45-54	-96.81
Percent age 55+	-43.52
Percent black	1.61
Percent Hispanics	-7.31
Percent other minorities	-22.40
Percent AFDC recipients	-.73

Program Mix Variables

Percent OJT	-44.42
Percent classroom training--skill	14.52
Percent classroom training--other	12.79
Average length of stay	

Dollar change in cost per entered employment associated with a 1 percentage point increase in the factor (except as noted)

A one-month increase in length of stay was related to a \$551.36 increase in cost per entered employment.

Local Economic Variables

Unemployment rate	438.06
Employment growth rate	-2.4
Quit rate	-459.31

Source: Department of Labor, Office of Assistant Secretary for Policy, Evaluation and Research, unpublished calculations for performance indicators work group.

In summary, state and local decisionmakers are responsible for the service mix choices for the majority of CETA dollars. In 1980, prime sponsors chose to use less than a fifth of the total resources available to them for classroom and on-the-job training, instead emphasizing job creation. Yet among prime sponsors, there was enormous variance in the degree of emphasis on training. According to net impact estimates, OJT had a very high payoff; yet under Title IIBC, less than one in nine participants were in OJT. Again, the range in emphasis among prime sponsors was significant. Longer classroom training paid off in greater net gains, but the average length of stay under Title IIBC was only 5.1 months. The intensity of training, as proxied by the cost per participant, also varied enormously. Finally, placement was a key success factor in classroom training and all other CETA components. Only two-fifths of Title IIBC trainees in fiscal 1980 entered employment upon termination, but, again, there was great variability among prime sponsors.

68 The unemployment rate and youth share among participants are not major explanative factors for the service mix decisions of prime sponsors. While the statistical analysis is crude, these variables do not bear much relationship to classroom training and OJT participant or expenditure shares under Title IIBC. In many cases, the relationships are the opposite of a priori expectations. For instance, OJT levels are apparently higher in prime sponsors with higher unemployment rates. Other factors such as type of jurisdiction, size and region have more explanative power. Area conditions and participant mix are much more powerful predictors of outcomes. However, outcomes are not significantly affected by service mix decisions. In other words, prime sponsors would be more likely to alter the mix of participants than the mix of services if they wanted to increase placement and positive termination rates. After considering a significant number of service and participant mix as well as area economic factors, the unexplained variance in placement among prime sponsors is still very large.

Thus, despite the very significant variation between prime sponsors in their decisions and outcomes, the patterns of variation provide few clues as to why prime sponsors on average put so much emphasis on work experience, why they emphasize classroom training more than OJT, why classroom training is usually short-term rather than longer-duration, why there is extensive creaming into the few OJT opportunities, or why placement is not higher. The answers to these questions lie elsewhere.

SECTION 2. THE DELIVERY PERSPECTIVE

Elegant assessments of local needs and the findings of esoteric research and evaluations have little relevance at the delivery level. The realities which dominate prime sponsor decisions are much more pedestrian. Judgments concerning what works for whom are quite different at the delivery level than when propounded from the ivory tower. The accounting system mandated for CETA activities provides an inadequate foundation for decisionmaking and management, biasing service and participant mix decisions. Even if prime sponsors could determine what worked best for whom and could accurately measure activities and outcomes, rational decisions are undermined by an uncertainty and volatility of funding and the constant changes in federal policy.

Can Effectiveness Be Judged Locally?

Even if a prime sponsor had the resources and the interest to duplicate the procedures of the national evaluations, net impacts could not be accurately assessed at the local level. To measure a 5 or 10 percent difference in post-program earnings requires a large sample size of participants and substantial control groups of nonparticipants. If the aim is to isolate the effects of a component of a total program, or even more specifically, to determine its relative effectiveness in serving different subsegments of the participant population, the sample size for each activity/participant combination and the related control group must be large enough to discern these marginal impacts. Even with the large samples in the CLMS (with its concomitantly large pricetag), the conclusions become quite "iffy" when disaggregated to significant segments or to detailed components such as occupational vs. nonoccupational classroom training. Most prime sponsors do not have enough enrollees in activity/participant cells to determine in any statistically reliable way the relative payoff even if all were tracked. Furthermore, the control group in the CLMS is drawn from other quite expensive samples--the Current Population Survey and the Social Security records. Neither are feasible as controls for evaluating local activities.

But prime sponsors are supposed to be running programs not evaluations; they lack the resources and reason to conduct long-term follow-up and to maintain control groups. To the extent they consider effectiveness at all, they must necessarily focus on absolute rather than net impacts, and on immediate post-program outcomes rather than longer-term results. Even if the information about the costs and benefits which is available from national evaluations were calculable locally, prime sponsor's interpretations and decisions might differ, since the resources (costs) are federal rather than local, and since the prime sponsor is a governmental unit with responsibilities for delivering goods and services which can, in part, be provided by CETA participants. Local decisionmakers might be quite rational in their decisionmaking and quite concerned with the effectiveness of local services, and yet still reach decisions which are less than optimal from a national, ivory tower perspective.

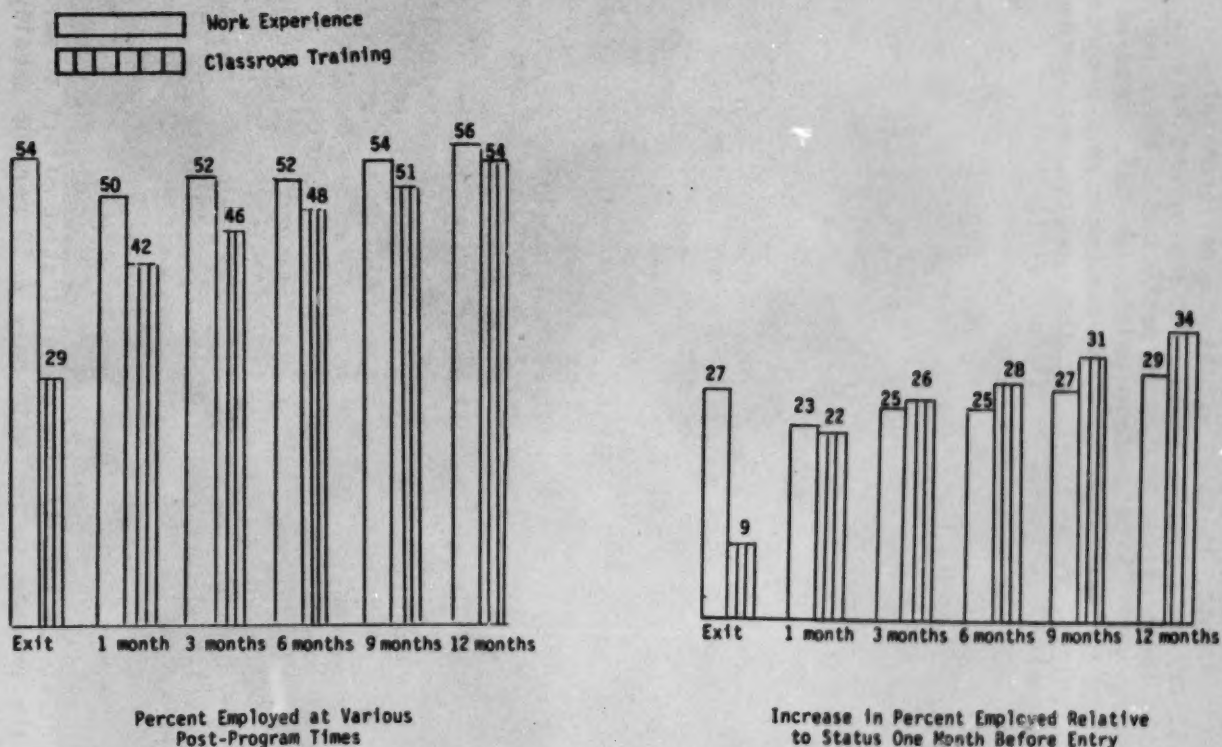
The heavy emphasis on work experience in local CETA programs is a case in point. The national data suggest that adult work experience has no post-program earnings impacts whereas classroom training substantially increases earnings relative to controls in the two post-program years. According to the CLMS interview data for the fiscal 1976 participants, 54 percent of the adult work experience participants were employed at exit, compared to only 29 percent of classroom training participants (Figure 4.5). Three months later--the maximum time over which CETA will usually follow-up participants--the percentages were 52 percent and 46 percent, respectively. Because the adult work experience group was more likely to be working a month before entry, the gains in employment were about equal at the three-month point but significantly in favor of the work experience participants at exit. It was not until a half year after termination that the pre/post gains for classroom trainees noticeably exceeded those for work experience participants. If the prime sponsor judged effectiveness by termination results, work experience would be preferred. If the judgment were based on 90-day follow-up, the average results for the first three post-program months would still favor the work approach. Rarely does a prime sponsor track beyond this point.

From a local budgetary perspective, work experience also makes more sense. In fiscal 1980, the prime sponsor cost for a classroom training person-year under Title IIBC was half again the cost for work experience. Both pay the minimum wage but classroom training must purchase the training in addition to the stipend. Because work experience has a shorter duration of stay than classroom training, its average cost per participant in fiscal 1980 was only three-fifths as great. More exactly, for every 100 participants in classroom training, the prime sponsor could serve 159 persons in work experience.

From the prime sponsor's perspective, however, the cost must be offset further by the value of work product. Classroom trainees do not produce a social product, whereas work experience participants, if worked hard and matched to useful jobs they can perform, may pay back all of the wages and fringes. Assume, however, the productivity equals 75 percent of the slot cost. The per participant cost of the program from the local perspective is, thus, only one-sixth that of classroom training. In another sense, the work experience pays back the local jurisdiction 75 cents on the dollar in output, plus local taxes on the in-program wages which are three-fifths of expenditures, plus reductions in locally-financed income transfers; in contrast, training results in no output, local income taxes are usually not paid on the allowances which are only two-fifths of expenditures, and there is less reduction in locally-financed income transfers because allowances are reduced where public assistance is received. The jurisdiction will benefit from the discounted value of future local taxes relative to the increased future earnings but this would amount to only a few dollars a year on the \$400 increment in earnings resulting from classroom training according to national studies (although not observable at the local level).

It is understandable, then, why prime sponsors do not favor training over work approaches. Local decisionmakers are the ones who feel the pressure of needs which exceed resources, and will want to serve as many as possible. There is little evidence locally that training produces more earnings impacts and some indication that the opposite is true. The local

Figure 4.5
Post-Program Employment Status of Fiscal 1976 Work
Experience Participants vs. Classroom Trainees



Source: Westat, Inc. Postprogram Experiences and Pre/Post Comparisons for Terminees Who Entered CETA During Fiscal Year 1976 (July 1975-June 1976) (Washington, D.C.: Employment and Training Administration, Office of Policy, Evaluation and Research, March 1979), Table 51.

government gains nothing from trainees whereas it gets some useful output from work experience participants.

Training on the job appears effective from both the local and national perspectives. For 1976 on-the-job trainees, the employment rate one month after termination was 62 percent compared to the 50 percent rate among work experience participants, at three months the differential was as great, 64 percent vs. 52 percent, respectively. The employment rate gains measured relative to the labor market status of participants three months prior to their CETA entry were 29 percentage points for OJT, compared to only 23 percentage points for work experience, at one-month post-program; or 31 and 25 percentage points, respectively at three-months post-program. ^{3/} The cost per slot for OJT in fiscal 1980 under Title IIBC was essentially the same as the cost of work experience. While OJT produces no public product, OJT slots will benefit local employers or may in some cases serve as an economic development tool.

The problem is not the desirability of OJT to local decisionmakers but the difficulty of arranging it. First, work experience slots are usually secured in clusters. The summer program, for example, averaged eight participants per worksite. On-the-job training is usually arranged for one or two placements at a time. Second, work experience slots tend to be refillable and a bank of "good" work experience slots can be cumulated over time. OJT is a treadmill. A small firm may need a press operator. It cannot afford to have more trainees than its job needs, since the firm receives only 50 percent subsidy, in contrast to the public sector where employing agents can easily take on several PSE or work experience participants who are fully subsidized in order to find one who can ultimately fill an available job. The on-the-job trainee has a one in two chance of making it into the job permanently, in which case there is no need for another trainee. This contrasts with a transition rate less than half as high for work experience. If the first trainee is a failure, the firm may decide not to go the OJT route again, whereas work experience slots, which are free to the public or nonprofit agency, will usually be refilled even if some of the workers prove ineffective. Third and most critically, the OJT formula does not provide much incentive to employers and most are uninterested. Many do not want to get involved whatever the subsidy. As an example, a five-site demonstration program, which aimed to compare the benefits of work in the private sector vs. work in the public sector, provided a full wage subsidy for firms hiring out-of-school disadvantaged young adults, i.e., it equalized the reimbursement to private-for-profit or nonprofit employers. In the public sector, 53 percent of contacted employers ended up providing at least one worksite compared to 35 percent of those in the nonprofit sector but only 25 percent of those in the for-profit sites. On average, it required 1.2 contacts to develop a single job in the public sector, 2.0 in the nonprofit sector, and 3.4 in the private sector. ^{4/} The administrative effort to market the same clients to the private sector with only a 50 percent subsidy would have been incredible.

Prime sponsors are most conscious of the difficulties of marketing OJT. They do not set higher goals because they are frequently unable to attain even the modest targets currently set in their plans. For instance, actual IIBC OJT enrollments realized by prime sponsors in fiscal 1980

averaged 88 percent of planned enrollment (after modification probably had reduced originally planned figures when it became apparent they could not be attained). In marked contrast, the actual classroom training enrollments averaged 111 percent of plan. Only one in five prime sponsors fell short of its classroom training enrollment goals by more than 10 percent, and just one in twenty achieved less than 75 percent of the planned figure. Even though OJT goals were quite modest in most cases, half of prime sponsors fell short by 10 percent or more and three in ten fell short by 25 percent or more. 5/

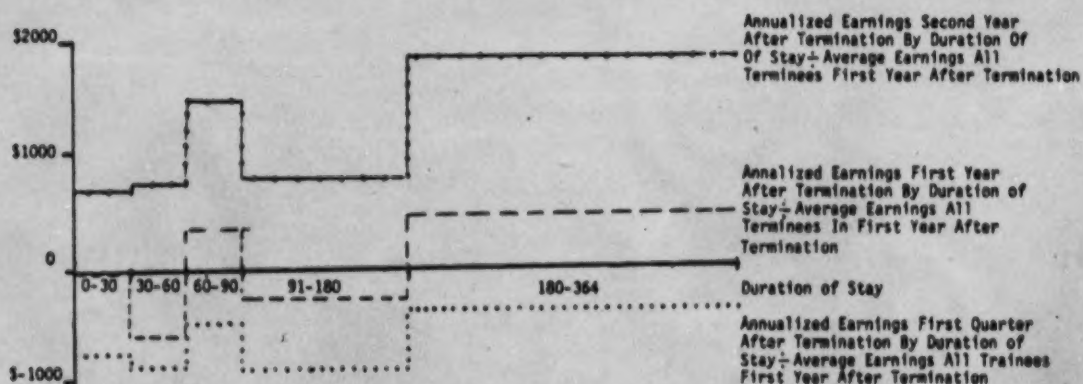
If work experience is emphasized because it looks more effective when judged from the local perspective than from national studies, while OJT is downplayed because of marketing difficulties, the absence of long-duration classroom training results from both the difficulties of mounting such programs and the dubious payoffs as judged by solely short-term outcomes. The national net impact estimates suggest that there is a very substantial gradient in the relationship between length of stay and post-program net earnings gains. But the prime sponsor sees a quite different picture. During the immediate post-program period, employment prospects are not much better for long-term vs. short-term trainees. For instance, for fiscal 1975 classroom trainees staying less than 60 days, the employment rate in the first quarter after termination was 44 percent, compared to 43 percent for trainees staying 60 days or more (Table 4.8). It was only over the course of time that the benefits of longer duration training became more evident. During the second year after termination, the employment rate for participants with less than two months stay was 55 percent, compared to 60 percent for trainees staying over two months, and 65 percent for those staying half a year or more. The differences are best visualized by showing the change over time in the differential between the annualized earnings of trainees in each length of stay category and the average for all trainees in the first post-program year (Figure 4.6). Over time, the earnings of all trainees increased, but they rose by more for the long stayers.

Table 4.8
Percent of Time Employed in Post-Program Period
Second Half Fiscal 1975 Classroom Trainees

Post-Termination Period	Days of Participation				
	8-29	30-59	60-90	91-181	182-364
First quarter	45%	43%	43%	41%	46%
Second quarter	55	49	49	48	55
Third quarter	56	45	55	51	63
Fourth quarter	57	49	63	52	63
First year	53	47	52	48	57
Fifth quarter	55	54	64	53	63
Sixth quarter	59	53	61	54	65
Seventh quarter	57	57	61	54	68
Eighth quarter	57	56	63	58	68
Second year	57	54	63	55	66

Source: Westat, Inc. CLMS Follow-up Report No. 3 (36 Months After Entry), Experiences for the First Two Postprogram Years, With Pre/Post Comparisons, for Trainees Who Entered CETA During January-June 1975 (Washington, D.C.: Employment and Training Administration, Office of Policy, Evaluation and Research, December 1980), Table 43.

Figure 4.6
Post-Program Earnings and Earnings Increases by
Duration of Stay, Second Half Fiscal 1975 Classroom Trainees



Source: Westat, Inc. CLMS Follow-up Report No. 3 (36 Months After Entry), Experiences for the First Two Postprogram Years, With Pre/Post Comparisons, for Trainees Who Entered CETA During January-June 1975 (Washington, D.C.: Employment and Training Administration, Office of Policy, Evaluation and Research, December 1980), Table 47.

While prime sponsors do not see the impacts of longer-duration training, they are unavoidably faced with its cost. Assuming a uniform training cost of \$500 per month, the cost per participant and cost per placement would have been as follows in 1976: 6/

Duration of Stay	Assumed Cost Per Participant	Placement Rate According to Prime Sponsors Records	Three-Month Post-Program Employment Rate for 1976 Participants	Cost Per Placement	Cost Per Three-Month Employment
0-29	\$ 500	43	44	\$1163	\$1136
30-59	1000	49	43	2041	2326
60-89	1500	50	48	3000	3125
90-119	2000	54	45	3703	4167
120-149	2500	51	49	4902	5102
150-179	3000	47	53	5263	5660
180-209	3500	55	53	6364	6604
210+	4000	59	55	6778	7273

The net earnings gains for long-duration stayers more than make up for the costs of longer-duration training. For instance, 1976 participants who stayed one to ten weeks in classroom training essentially experienced no gains while those who stayed 40 weeks or more gained in the neighborhood of \$1400 annually through the second post-program year. The prime sponsor, however, does not observe net impacts but only post-program outcomes; a great deal of faith in the efficacy of long-term training is necessary to justify costs per placement for long-term training which are six to seven times those for short-term training.

Finally, the short-duration stayers for whom net impacts are minimal include those enrolled in short-term courses, those who drop-out of long-term courses because they fail, and those who leave training because they find better immediate opportunities. It may well be that the graduates of short-term training do better than those who fail in long-term training. For instance, the dropout from a two-year registered nurse training program may remain an orderly, whereas the participant in a short English-as-a-second-language course will gain entry into the labor market by learning language fundamentals course. Since the chances of failure increase with the duration of training (even though there is a rapidly declining increment in failure rates after the first 30 days), and since the costs of failure (both programmatic outlays and foregone earnings) increase with duration of time before failure, then if the dropouts experience no earnings gains, the long-duration training will appear even less worthwhile to the prime sponsor. In such a case, the local viewpoint would be more appropriate than the conclusions drawn from aggregated national data. Given the fact that the majority of short-stayers are scheduled short-stayers, the likelihood that those who fail to complete longer training will realize at least some gains, and the fact that the dropouts include some who left to take advantage of better opportunities, it is unlikely that the payoff of scheduled short-duration training is much higher than the average return for all trainees who stay a short-duration. But it surely is another factor seen at the local but not national level which adds to the arguments for short training.

The assignment patterns for different subgroups of participants may also be explained, in part, by the differences between the ivory tower and delivery level perspectives. For instance, both younger and older participants are underrepresented in training and overrepresented in work experience. 7/

Distribution of Fiscal 1980 Participants by Age

	On-The-Job Training	Classroom Training (Including PSIP)	Nonsummer Work Experience, PSE and Direct Referral
16-19	4.0	22.7	73.3
20-21	9.6	35.3	55.1
22-44	9.4	39.6	51.0
45+	5.5	24.8	69.7

Based on the estimated 1978 earnings gains for all 1976 participants, it appears that the 17-18 and 19-21 cohorts could benefit most from OJT, and the 19-21 group does better in classroom training than work experience, although not particularly well from either. 8/

1978 Earnings Gains of All 1976 Entrants

	On-The-Job Trainees	Classroom Trainees	Work Experience Participants
17-18	\$776	\$204	\$441
19-21	526	94	45
22-44	528	647	60
45+	640	487	665

It also appears that minority males, and particularly young adults, benefit from OJT but from little else. 9/

1978 Earnings Gains of All 1976 Entrants

Minority Males	Classroom Trainees	On-The-Job Trainees	Work Experience Participants
17-18	\$531	\$ 888	\$ -29
19-21	-150	490	-54
22-25	-607	1275	-162

Yet for minority male CETA entrants in 1980, the chances of assignment to OJT were far below those of white males. 10/

	Percent Black Male Enrollees in 1980 Assigned to OJT	Percent White Male Enrollees in 1980 Assigned to OJT
16-19	3.8%	6.6%
20-21	10.3	13.0
22-44	9.3	14.1

Unquestionably, one reason for the low relative rates of OJT participation for these groups is their lower success probability in OJT assignments. Among 1976 minority male participants in OJT, the post-training placement rate was 52.9 percent, compared to 57.5 percent for white males. Among 17-21 year-old OJT participants, the placement rate was 45.4, compared to 64.1 percent for 22-25 year-olds. 11/ These placement differentials parallel those from other service components; for CETA as a whole, 31.9 percent of all minority males, compared to 34.4 percent of all white males, were placed, as were 29.6 percent of 17-21 year-olds compared to 36.2 percent of 22-25 year-olds. However, where the consequences of nonplacement fall on the participant in the case of work experience or classroom training, a negative termination in OJT can turn the employer against the system, affecting the possibilities for subsequent placements. This residual effect may explain--although not justify--the reluctance of prime sponsors to assign high risk participants to OJT even though they benefit substantially. Another factor may simply be that employers will more likely reject minority referrals, or will not be inclined to sign up in the first case. Additionally, minority enrollees are probably more concentrated in poverty areas where it is difficult to arrange OJT placements.

There is also a heavy emphasis on classroom training and work experience for participants with limited earnings histories (less than \$2000 in each of the prior two years), and little emphasis on classroom training for high earners (\$4500 or more in each of the prior two years). Yet the low earners gain most from OJT where they are least likely to be placed, whereas the high earners benefit relatively more from classroom as opposed to on-the-job training: 12/

Fiscal 1976 Participants		
	Low Earners	High Earners
Percent in classroom training	36.0%	28.9%
Percent in on-the-job training	10.9	20.6
Percent in work experience, PSE or multiple activities	53.1	50.5
Estimated 1978 earnings gains relative to controls		
Classroom trainees	\$420	\$1061
On-the-job trainees	811	400
Participants in work experience, PSE or multiple activities	334	-52

For 1976 OJT terminees, the employment rate three-months after termination was 73 percent for individuals who earned \$4000 or more in the year before entry, compared to 58 percent for the lower earners, despite the fact that the low earners gained more relative to low earner controls.^{13/} Again, in allocating the scarce OJT slots there is apparently an emphasis on reducing the risk of failure even though some in the higher earner group might be better served by classroom training and many in the low earner group would be better served by OJT. In these judgments about what works best for whom, the pronouncements from the ivory tower are hedged with uncertainties because of the difficulties of accurately estimating net impacts for subgroups. Certainly local prime sponsors can make no better estimates. In light of the difficulties of developing OJT slots, and the evidence from both national and local experience that all participants benefit from OJT, it is understandable that decisions might be made on the basis of employer preferences and institutional expediency rather than distinctions between the relative gains.

The Management Misinformation System

Planning, contracting, performance measurement, and management decisions by prime sponsors and delivery agents (as well as those of the regional and national offices of the Department of Labor), rest on a set of definitions, counting rules, and report formats detailed in the Forms Preparation Handbook.^{14/} This management information system categorizes participants, services, expenditures, and outcomes. There are three primary reports counting up the dollars and bodies assigned to the defined categories. Each report is required from prime sponsors quarterly and annually covering each of the CETA subparts (YETP, YCCIP, Title IIBC, Title IID, Title VI, SYEP and PSIP). The annual prime sponsor plans prepared before the start of each fiscal year for each of these subparts include quarterly and annual projections of the elements in these reports. Below the prime sponsor level, subagents are usually required to provide the same information, frequently on forms which duplicate the prime sponsor's reports.

1. The Financial Status Report (FSR) categorizes expenditures by functional activity and by program component (Table 4.9). The functional activities are "administration," "allowances," "wages," "fringe benefits," "training," and "services." These functional activities are defined so that they are mutually exclusive and cover all outlays. The program components are "classroom training," "on-the-job training," "public service employment," "services," "work experience," "transition services," "vocational exploration," and "other activities." These categories are also designed to be mutually exclusive and to sum to total of expenditures. The wages and allowances, fringes, services, training, and administration which are necessary to support each of these program components are allocated to it. Thus, a service year of classroom training in 1978 under Title IIBC, included \$1,950 (42 percent) for allowances, \$835 (18 percent) for administration, \$975 (21 percent) for training and \$452 (16 percent) for services. ^{15/} Training, as a functional activity, included the \$975 for each service year of classroom training provided under Title IIBC, but also included OJT employer payments as well as the training expenditures including worksite supervision for Title IIBC participants whose primary activity was work experience.

2. The Program Status Summary (PSS) records the current and cumulative quarterly enrollment, termination and termination status data for each subpart, as well as the current and cumulative participation levels, but not termination results, for each of the program components supported under the subpart (Table 4.10). Individuals are enrolled from the day they receive employment and training services and must be officially terminated within 90 days of the point when they leave a program component. The major termination classifications include entry into unsubsidized employment, transfer to other subparts of CETA, other "positive terminations" such as return to school or achievement of intended participation goals, and "nonpositive" terminations.

3. The Summary of Participant Characteristics (SPC) identifies participants, terminees, and terminees who enter unsubsidized employment according to sex, age, education, income, family and previous employment status (Table 4.11). For each of the CETA subparts, each prime sponsor, thus, reports quarterly and annually on the number of male and female participants, the number of school dropouts, students and graduates, the number of mentally or physically handicapped, and the like. There is no reporting on the characteristics of participants in different components of each subpart, for instance, classroom training under Title IIBC, and no reporting according to characteristics combinations, such as the number of dropout youth served.

As a basis for these reports, the prime sponsor must maintain a record for each participant which includes an application form (which must have at least the detail necessary for the Survey of Participant Characteristics), the necessary background information and documentation for determining and reviewing eligibility, an individual employability development plan, plus a record of entry and exit for each program component, along with enough detail to track total hours of work experience over a five-year period and cumulative weeks of participation in other activities. The individual record must also note the occupation of training or work, the wage or allowance provided, and the termination status data (at least in the detail

Table 4.9
Financial Status Report Format

**CETA
FINANCIAL STATUS REPORT**

OMB Approval No. 48-01189

1. GRANTEE'S NAME AND ADDRESS						2. FED. AGENCY 3. FEDERAL GRANT NO.	
5. REPORT PERIOD (From - To)						4. PROJECT PERIOD (From - To)	
7. STATUS OF FUNDS						6. TYPE OF PROGRAM ☐ IIB-C ☐ III ☐ IIB-D ☐ IV ☐ VII ☐ CWR	

7. STATUS OF FUNDS	Total Federal Share of Program Outlays		Federal Share of Unrequited Outlays	Total Federal Share of Outlays and Unrequited Outlays	Total Federal Funds Authorized	% of Plan Accomplished	8. INDIRECT EXPENSE		
	A	B	C	D	E	9. AVERAGE ANNUALIZED WAGE RATE (FSE)			
1. Classroom Training	37						a. Type of Rate ("X" one) ☐ Provisional ☐ Fixed ☐ Regetermined ☐ Final b. Rate c. Base d. Total Amount \$ e. Federal Share		
2. On-the-Job Training	48						10. SUMMARY OF ACTIVITY Financials a. Total b. VET in School c. Total Participants Served 11. CERTIFICATION I CERTIFY that to the best of my knowledge and belief that this report is correct and complete and that all outlays and unpaid obligations are for the purposes set forth in the grant agreement.		
3. Pay a. Subsidy, Employer (Wages/Prorated)	59						NAME TITLE SIGNATURE		
4. Training (Wages/Prorated or Allowances)	78						DATE		
5. Services (Wages/Prorated or Allowances)	78						DATE		
6. Travel Costs (No compensation)	37						DATE		
7. Services Costs (No compensation)	37						DATE		
8. Work Experience	28						DATE		
9. Services to Participants	59						DATE		
10. Other Activities	78						DATE		
11. Career Employment Supervision	37						DATE		
12. Transition Services	37						DATE		
13. Vocational Education Program	48						DATE		
14. Summer Employment	59						DATE		
15. Total CETA Funds	78						DATE		
16. Non-Federal Share of Program Outlays	37						DATE		
17. Unexpended	37						DATE		
18. Pending	28						DATE		

ETA 2216 (Rev. 5-78)

Source: Forms Preparation Handbook For Prime Sponsors Under the Comprehensive Employment and Training Act Amendments of 1978 (Washington, D.C.: Employment and Training Administration, May 1980).

Table 4.10
Program Status Summary Format

A. PRIME SPONSOR'S NAME AND ADDRESS		B. GRANT NUMBER	
C. REPORTING PERIOD		D. TYPE OF PROGRAM ("E" and)	
From	To	☐ II - S/C	☐ II - D
		☐ III (Specify)	☐ VI
		☐ IV (Specify)	☐ V
		☐ Other (Specify)	
I. PARTICIPATION AND TERMINATION SUMMARY		ACTUAL	PLAN
A. TOTAL PARTICIPANTS			% of PLAN
1. New Participants	36		
2. Transfers from other Subparts	31		
3. Participants Carried Over	36		
B. TOTAL TERMINATIONS			
1. Entered Unsub. Employment	43		
A. Direct Placements	46		
B. Indirect Placements: (1) Thru Sponsor	31		
(2) Other Indirect	15		
2. Transfers to other Subparts	73		
3. Additional Positive Terminations	76		
C. Return to/Continue Full-Time School	36		
4. Other Terminations	31		
C. TOTAL CURRENT PARTICIPANTS (End of Quarter)	36		
1. Active Non-PSE Participants (II-D or VI)	43		
II. SPECIAL CATEGORIES			
A. UNSUBSIDIZED PRIVATE SECTOR PLACEMENTS			
B. TITLE II - C: (1) Upgrading	31		
(2) Retraining	36		
C. TITLE IV: (1) GED Certificate	43		
(2) Academic Credit	46		
(3) Special Mixture Component (VETP)	73		
(4) Limited Services (VETP)	76		
D. SYEP: (1) Vocational Exploration Program	36		
(2) Summer Enrollment Program	31		
(3) Concurrent Participation in: (a) Title II S/C	36		
(b) VETP	43		
(c) YCCIP	46		
III. PARTICIPATION IN PROGRAM ACTIVITIES			
		A. YEAR-TO-DATE	B. END-OF-QUARTER
		Actual	Plan
		% of Plan	% of Plan
		P	P
		A	A
A. Classroom Training (Occupational Skills)	36		
B. Classroom Training (Other)	31		
C. On-the-Job Training	36		
D. Work Experience (In-School)	43		
E. Work Experience (Other)	46		
F. Public Service Employment (II-D or VI or III-308)	31		
1. PSE Participants in Temp./Services	36		
G. Career Employ. Experience (VETP)	43		
H. Transition Services (VETP)	46		
IV. OTHER ACTIVITIES			
Indicate other activities or special programs on attachments. Describe their objectives and list milestones toward their achievement in a quantitative or narrative presentation.			
V. CERTIFICATION			
A. NAME AND TITLE OF AUTHORIZED OFFICIAL	B. SIGNATURE	C. DATE (Mo., Day, Yr.)	

ETA 5134 (May 1980)

Source: Forms Preparation Handbook For Prime Sponsors Under the Comprehensive Employment and Training Act Amendments of 1978 (Washington, D.C.: Employment and Training Administration, May 1980).

Table 4.11
Summary of Participant Characteristics Report Format

QUARTERLY SUMMARY OF PARTICIPANT CHARACTERISTICS		3. TYPE OF PARTICIPANT	
1. PRIME SPONSOR'S NAME AND ADDRESS		☐ H - D, C ☐ H - D ☐ III ☐ IV ☐ VI ☐ VII ☐ OTHER	
Instructions: Items with (*) must add to Line 1 in that column. Item with (**) must be equal to or less than Line 1 in Column D.			
Line No.	A. CHARACTERISTICS	B. TOTAL PARTICIPANTS	
		W	A 26
1	TOTAL		
2	Male		41
3	Female		50
4	16 - 18	W	8 26
5	18 - 20		41
6	20 - 21		50
7	22 - 24	W	8 26
8	24 - 26		41
9	26 and Over		50
10	School Dropout	W	8 26
11	Student (High School or Less)		41
12	High School Graduate or Equiv., No Post H. S.		50
13	Post High School Attended	W	8 26
14	Receiving AFDC (ISSA Title IV)		41
15	Receiving SSI (ISSA Title XVI)		50
16	Total Receiving Public Assistance	W	8 26
17	OMB, Per. Level or 70% or less LLSIL		41
18	71% thru 85% of LLSIL		50
19	86% thru 100% of LLSIL	W	8 26
20	Above 100% of LLSIL		41
21	ECONOMICALLY DISADVANTAGED		50
22	Single Parent	W	8 26
23	Parent in Two-Parent Family		41
24	Other Family Member		50
25	Non-Dependent Individual	W	8 26
26	White (Not Hispanic)		41
27	Black (Not Hispanic)		50
28	Hispanic	W	8 26
29	American Indian or Alaskan Native		41
30	Asian or Pacific Islander		50
31	LIMITED ENGLISH SPEAKING ABILITY	W	8 26
32	MIGRANT OR SEASONAL FARM FAMILY MEMBER		41
33	Veteran		50
34	Vietnam-Era (Age 18 or Under)	W	8 26
35	Special Disabled		41
36	HANDICAPPED		50
37	OFFENDER	W	8 26
38	DISPLACED HOME MAKER		41
39	IN-SCHOOL		50
40	Underemployed	W	8 26
41	Unemployed		41
42	Other		50
43	UNEMPLOYMENT COMPENSATION CLAIMANT	W	8 26
44	T/T/C		41
E. WAGE GAIN OF TERMINEES ENTERING EMPLOYMENT		F. Pre-CETA Hry. Wage	
45	PARTICIPANTS W/NO PREVIOUS WAGE	W	8 26
46	PARTICIPANTS W/ PREVIOUS WAGE		41
47			50
48			41
49			50
50			41
51			50
5. SIGNATURE AND TITLE		6. DATE SIGNED	
		7. TELEPHONE NO.	

Source: Forms Preparation Handbook For Prime Sponsors Under the Comprehensive Employment and Training Act Amendments of 1978 (Washington, D.C.: Employment and Training Administration, May 1980).

of the Program Status Survey) with verifying placement information. Follow-up at three months is required for all placements into unsubsidized employment, although the prime sponsor may choose to follow-up a sample of other terminees as well.

Mountains of paper are, thus, collected on each participant and each activity. Prime sponsors use this information to generate the three federal reports for each subpart which are dispatched quarterly to the regional offices of the Department of Labor, where they are reviewed, entered into an automated system, and transmitted to the national office with between a six and nine month lag for reporting on the full complement of prime sponsors. Unfortunately, this massive effort does not provide very accurate information about what is happening to whom, at what cost, and with what outcomes. Decisions based on this management information system are distorted in several ways:

The problems begin with the program component descriptors. "Classroom training" may be five hours a week or forty hours a week. Participants and expenditures for both intensive and limited training are reported in the same categories. But classroom training may also be in combination with work experience. If the training accounts for less than half of participation time, the expenditures and participants are assigned to work experience; otherwise, they are assigned to classroom training. It is not possible to sort out these combinations from the separately reported functional activity totals. For example, the allowances paid under classroom training are counted along with those paid during transition services or during training hours supplementing work experience. There is no way of determining from the FSR what proportion of the aggregate allowances were paid as part of classroom training. An individual who participates in a sequence of activities is either a transfer between subparts or titles, in which case the program components of previous participation are impossible to track in the aggregate reports, or is catalogued according to the major component over the period of participation (unless, as is sometimes the case, he or she is double counted by separate delivery agents).

Another extremely critical problem is the lack of accounting for non-CETA public expenditures. Unless the funds are actually administered by the prime sponsor, there is no record whatsoever. A prime sponsor in a state with free or heavily subsidized post-secondary education may pay very little for training, and hence the classroom training expenditures recorded on the FSR include mostly allowances. In another state, there may be few post-secondary training institutions or these institutions might exclude CETA types, so the prime sponsor will pay to establish separate training facilities as well as covering allowances. A third possibility is that the CETA resources simply substitute for those that would otherwise be provided from another source, for instance, stipending students already enrolled in training and subsidizing the costs of this training. All three activities may have the same outcomes and have the same public costs. The prime sponsor in the first case would look good from a unit cost perspective, while in the second case, where probably doing the most good, the costs would appear high and indistinguishable from the third case where the CETA outlays would be having no net effect. Similarly, one prime sponsor might serve primarily unemployment compensation recipients and thereby reduce

allowances, while another might face a situation where few of the CETA participants were covered by unemployment insurance and hence most allowances would have to come from CETA funds. The MIS-recorded unit costs would be higher in the latter case even though public costs would be the same.

The termination status categories are obfuscated by three major issues: First, a participant may receive no service for 90 days and still be carried on the records. In fact, if he or she were called back for a short treatment such as job search assistance, termination would not be required for another 90 days. Because the chance of employment increases with time for any unemployed person, it pays to keep participants on the books in order to increase the "entered employment" tally. Since no funds are expended, this also reduces the recorded person-year cost for the activity, and hence, has a double effect on cost per placement and cost per person year. There is no way to determine how many persons are in holding at any point in time since they continue to be identified with the last program activity. It is entirely possible, for instance, that the increased average duration of stay for classroom training, which is indicated by the MIS data over the last few years, reflects increasing use of this loophole by prime sponsors rather than longer training.

Second, there is no recording of whether an unsubsidized job, if secured, is appropriate considering the type and duration of training. A graduate of law school would hardly be considered a positive outcome if placed as a janitor, but any placement is counted the same under the CETA MIS. While the wages averaged before entry and after termination are dutifully recorded, the pre-program mean depends on how many worked and how long ago. For instance, the earnings of young participants who may have held casual jobs as babysitters or lawnmowers, or refugees who last worked in Asia, are computed in the average.

Third, there is great confusion concerning what constitutes a positive termination. Returning to or continuing in school is a positive termination--even if the terminnee dropped out of an in-school work or vocational exploration assignment, failed to graduate or enrolled because of the inability to find a job. Achievement of an activity objective is rated as a positive termination, but there are no hard-and-fast rules about what are reasonable activity objectives. Where youth are participating heavily in a program, the positive termination rates go up and the placement rates go down.

There are also problems with the participant characteristics information. Even though the categories are relatively detailed, the body counts reported to the feds--which are frequently all that is calculated and considered by the prime sponsor--do not permit classification by multiple characteristics. It cannot be determined from reported MIS data how many teenage dropouts are being served, or welfare mothers, or female college graduates. Hence, it is almost impossible to determine from the SPR whether the clientele of one delivery agent or prime sponsor is more or less employable than the clientele of another.

The separate reporting of costs, activities and participant characteristics for each subpart makes it impossible to determine what services

are received by specific individuals and how well they are doing as a result. For instance, in the planning process, there is much attention to the equitable distribution of resources according to participant shares. Yet the participant share measure is almost totally meaningless without knowledge of the program component and its cost. As an example, Hispanics in a prime sponsor area may represent 20 percent of the universe of need and 20 percent of Title IIBC participants, while whites represent the same shares of both. It is entirely possible that the Hispanic participants are all 16- and 17-year-old students in a vocational exploration component with an annual unit cost of \$1,000, while the whites are all 22- to 44-year-olds enrolled in two-year apprenticeship or licensed practical nurse training with an average expenditure of \$20,000 per individual.

A primary use of the MIS is for budgeting both at the federal and local levels. To maximize cost-effectiveness, it is important to reduce the outlays for any unit of service as far as possible without reducing quality. Yet while all subparts of CETA provide for a range of possible activities and activity intensities, the MIS provides no clear specification of either mix or intensity. Hence, cost cutting can be and usually is achieved by shifting to less expensive and less intensive interventions. The easiest route is to reduce average hours of participation, which are not even noted in the MIS. In work experience, where there is apparently little post-program effect, reduced intensity will mean reduced output for society and reduced earnings and well-being for participants, although it will not make much difference in long-term earnings. Given the strong relationship between intensity of treatment and outcomes for classroom training, fewer hours may substantially lower net impacts. Another cost-cutting approach is to shift to job search assistance or other placement-oriented strategies, and to keep more individuals in holding. The placement rates may actually improve and costs will fall, even though the net lasting impacts would be reduced since less human resource development activity occurred.

Another obvious way to "economize" is to serve more individuals who cost less to bring up to a level of employability. Refugee populations, for instance, may be able to get jobs easily after a few weeks of English-as-a-second-language training. Serving three or four refugees in classroom training may cost the same as serving one native disadvantaged youth with severe remedial needs. All may be classified as disadvantaged, all may be school dropouts (in the sense that the refugees do not have diplomas although sometimes well educated in their own countries), and all may come from public assistance recipient families. The refugees, however, may also have been more likely to make it without any help. The prime sponsor who wants to look good on paper will focus on those who can be effectively served at lower cost.

Finally, there will also be an incentive to piggyback on other activities; for instance, paying allowances to persons already training in vocational institutions and regular schools, since the training costs are already covered and do not count in the CETA MIS. Cooperation is to be encouraged, but piggybacking reduces the net effect of CETA dollars and increases the chances of fiscal substitution.

There is too much play in the system to achieve improvements through emphasis on placement alone. As with cost-cutting pressures, the response to placement pressure will be a shift within the system to treatments which have the best placement rates even if these are short-term results (unsubsidized placements are to be followed-up, but only at 90 days, and there is no record of the follow-up submitted to the Department of Labor). Because there is no emphasis on training-related placements, any job that can be found for classroom or on-the-job trainees will count. As long as significant segments are served, it is possible to enroll the most employable in each segment in order to increase placements, and then to transition them into jobs they could have secured on their own. If gains in average wages are used to assess job quality, it will pay to work with participants who have been out of the labor force for some time and therefore are sure to have a substantial wage gain. Obviously, "quantum leap" treatments and the sequencing of services over time are not likely when there are either cost-cutting or placement pressures and when there is no recognition of intensity or of the starting point of the individuals involved.

There is no question, then, that the current management information system is fundamentally inadequate and that its use for planning, budgeting, performance monitoring and evaluation pushes the system in the direction of low-cost, short-duration services, creaming, and shell games. Those most knowledgeable about these inadequacies are also the ones who have a stake in maintaining the status quo, whether they are prime sponsors wise in the ways of maximizing placements or OMB budgeters seeking substantive cuts while arguing for improved efficiency. It is not an overwhelming challenge, however, to design a management information system that would overcome most of these problems:

First, it is necessary to more accurately identify the human resource input into the system. An employability index could be derived for each individual, summarizing the characteristics data already gathered in a way which would better suggest whether programs are reaching those most in need. The marginal effect of each participant characteristic on placement and positive termination chances could, for instance, be calculated based on regression analysis of the CLMS data. The characteristics of each CETA entrant could be multiplied by these marginal weights and an aggregate score calculated. The scores would, then, be averaged for significant segments, participants in different treatments, or for all participants in a prime sponsor's program. If a short, standardized reading and math test were required at entry, and perhaps an employability skills test, combined with employment and earnings pattern variables used in the CLMS, the predictive power of these indices could be increased. This would help to reduce the amount of creaming within significant segments; it would improve the assessment process; and it would facilitate comparison of the effectiveness of different agents and prime sponsors in serving similar individuals.

Second, the treatments need to be better identified by streamlining of the activity descriptors. For instance, the descriptors might include:

Occupational training in a classroom
 Employability skills, job-seeking skills, counseling, and
 placement activities
 Remedial education
 On-the-job training
 Work experience
 Worksite training

There could also be nationally-established service codes for each of these activities further specifying the occupation of vocational classroom training, OJT, and worksite training or work experience; and for remedial education specifying ESL, basic reading, basic mathematics, GED or college preparation. The prime sponsor might have further identifiers for the various local delivery agents.

Third, intensity measures are needed. The most direct approach is to record weekly or monthly hours in each activity for each participant. For instance, someone with 60 percent classroom training (half in skills and half in remedial education) and 40 percent worksite training during 40 hours weekly participation would be recorded as receiving 12 hours of occupational training, 12 hours of remedial education, and 16 hours of worksite training in that week. If the individual were shifted to OJT after two months of such participation, 40 hours of OJT would be recorded for each week in the third month. In other words, at the end of the quarter, this individual would be noted as having:

Occupational training--96 hours
 Remedial education--96 hours
 Worksite training--128 hours
 OJT--160 hours
 Total--480 hours

Aggregating the individual records, it would then be possible to report cumulatively and in the current week the number of participants and the average hours in each of these components, as well as the distribution by hours of treatment and the percentage within different activity combinations. For terminees, it would be possible to identify the averages, distributions and percentages cumulated for the entire period of participation.

For each hour of participation, the allowance or wage and fringes received by the individual would be noted (and perhaps also the supportive services). In the contracts negotiated with each service deliverer for the coming year, the projected hours of treatment could be calculated, the costs allocated, and parameters developed which could be entered into the individual account for each hour of participation with the delivery agent. Where the hours of participation included treatments paid for from non-CETA public funds, they would be valued at the cost to the providing agency and would be entered under a separate category. Thus, the record for the prototype individual might be fleshed out with cost figures such as the following:

Fiscal Year Activity Record

Activity	Service Intensity (Hours)	Service Identifier	Estimated CETA Cost of Activity (Excluding Income Maintenance)	Estimated Non-CETA Public Cost	Allowance, Stipend or Wage
Occupational training	96	11.7	\$150	--	\$250
Remedial education	96	1.1	--	\$150	\$250
Worksite training	128	14.7	\$200	--	\$500
OJT	160	19.7	\$320	--	--

Fourth, an individual would be considered a terminee immediately upon leaving one of these activity units without planned transfer to another within 30 days. A 90-day follow-up would be required for a sample of all terminees to track experiences over the three-month period. It would include identification of the relation of post-program employment to the training or work assignment during participation. The individual record would be open-ended so that in the event of later reapplication to CETA, an employment log would be filled in, backdating to the time of previous enrollment.

Finally, the individual record would also note the beginning and ending point of the participant relative to standard competency hierarchies. For instance, the SAT score at entry and the SAT score at completion of remedial education would be noted. In the major occupations of training, such as carpentry, there would be standard competency level hierarchies established as part of the MIS and the beginning and ending skill levels would be noted on the individual record.

Fifth, the service, cost, and outcomes data, presented in the various distributional arrays and with the averages, would be calculated for cross-classified groups such as dropouts under age 22, high school students, black males age 22 to 45, and the like. The distributions and averages would also be presented according to groupings on the employability scale.

Since most of these data elements are already gathered but utilized in different ways, and since the concepts are so straightforward, the operational burdens of the reformed MIS would be less than, or certainly not greater than, the current system. The result would be a better ability to track service combinations, to assure that creaming did not occur, to identify service intensity and real costs, to assure that public resources were more equitably distributed among significant segments; and to permit assessment of delivery agent performance.

However, redesign of the MIS would be traumatic. The entire system from top to bottom has grown familiar with current approaches and has

developed the analytical, information processing, and programming systems, in light of current report formats and activity definitions. Short of such total reform, there are several immediate steps which might improve the effectiveness of the current system. First, categories could be created for long-duration occupational and "other" training, respectively, so that budgetary pressure would not simply reduce the intensity of services. For instance, there might be a distinction between entry, intermediate, and career training based on intended treatment lengths--perhaps defined as less than 350 hours, 350 to 1000 hours, and 1000 hours or more. Second, for public service employment, there is currently an identifier of the training which supplements work, including a distinction between training costs with and without stipends. This could be adopted for work experience to isolate work/training combinations. Third, participants for whom placement is not an intended goal in the employability development plan could be identified on the intake form and on the Program Status Summary in a special category, so they are not confused with those for whom placement is intended but not achieved. Fourth, outcomes and participants could be reported for each major program component, i.e., classroom training as subclassified above, OJT, work experience, and a category including transition services plus vocational exploration and other services. Fifth, a subcategory of unsubsidized placements might be added noting whether the job is related to the occupation of training or subsidized work experience.

The choice between a complete overhaul and more modest reform largely depends on the degree of change envisioned in the organization and management of the employment and training system. If there are only modest changes in the groundrules for operating different components and for moving participants through the system, and if the organization remains the same at the local level, then the massive disruption which would result from implementation of a new MIS may not be worth the costs. If the CETA system is totally realigned, however, the MIS should also be altered, which can help to realign thinking and decisions at the local level. A compromise would be to begin with measured changes in components and activities at the local level, combined with the moderate reforms of the MIS, and then to implement the more comprehensive modifications as the capacity developed locally to mount long-term training and to move individuals through the system in a more orderly way.

Uncertainty and Instability

The decisions of prime sponsors may, in part, be based on their perceptions about what works and what does not as judged from a local perspective. Some may consciously design and manage programs to look good on the management information system reports. Overwhelming both of these factors, however, is the uncertainty and instability in funding, legislation, and federal policy which makes rational decisions or by-the-numbers management almost impossible.

Between fiscal 1975 and 1976, the increase in job creation expenditures (measured in constant dollars) equalled 90 percent of cumulative increases since the beginning of the War on Poverty. Between 1977 and 1978, the increase in a single year was again equal to 90 percent of the cumulative increase in all preceding years. The constant dollar declines

in the next two years erased three-fourths of this growth even though the aggregate level of unemployment hardly improved. In 1978 and 1979, massive youth programs were mounted and then abruptly phased down in 1980 and 1981. There were side ventures such as PSIP, STIP, and HIRE, as well as varying emphases on CETA and weatherization, CETA-and-the-Arts, CETA and economic development, and the like. Such staggering fluctuations in funding, activity mix and focus have ruptured the delivery system. Any private sector business doubling in size every four years would have growth pains, but if the product mix were substantially altered each time without warning, while the organizational structure and accounting procedures were constantly changing, there is no way it could perform effectively. This is what has been asked of the employment and training delivery system, which has then been blamed for failures of management.

National funding volatility and ever-changing missions are not the only problems. Resources are allocated according to relative unemployment rates, and, as a result, there are dramatic year-to-year fluctuations in local activities even when the aggregate funding levels do not change, and even though structural problems do not fluctuate dramatically from year-to-year in either absolute or relative terms. Each year, the local prime sponsor must prepare an annual plan dividing its slice of the pie into smaller pieces, and must await approval of this plan before contracting with delivery agents. This one-year planning and contracting horizon generates enormous instability and has severe consequences. Even if federal budget levels were decided, the funding levels for local areas would not be known until very near the start of the fiscal year in October because unemployment data for the previous year are not available until Spring. The uncertainty has been compounded by the failure of Congress to act on the budget in a timely fashion. Thus, none of the delivery agents at the local level knows for sure whether or for how much they will be funded until the start of the year or later. For subagents receiving support for the first time or launching modified or expanded activities, new staff and materials must be secured in a rush once notification is given. Enrollment must be increased as quickly as possible to get up to planned operating levels. Training of staff and shakedown must occur at the same time. Enrollment must subsequently be surged in order to achieve contracted person-years, since there will be many dropouts and since the phase-up takes some time. Staff tends to remain at a stable level over the year while enrollment surges. As the year progresses, administrative staff must begin to focus on the competition for the next year's funding. There are significant costs involved in annual application. The operating personnel realize the uncertainty and wonder about their own futures; some look for and take other jobs. As participant termination occurs, there is a hard choice between carrying a smaller number of enrollees with fixed overhead or bringing on new enrollees who might receive only a limited period of service. If money has not been spent or enrollment goals met, there is usually a hasty effort to bring on more participants and meet goals. If the activity is refunded, then there is either a gradual phase-down as dropouts occur over the next year, or a build-up if enrollment has been allowed to decline. If subagents are not refunded, all remaining participants must be transferred. Delivery agents may, in fact, hold participants hostage in order to secure refunding by the threat of sudden dislocation of large numbers of persons in need.

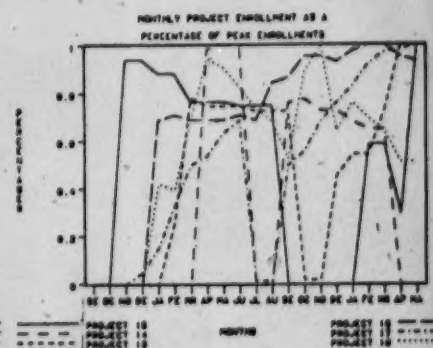
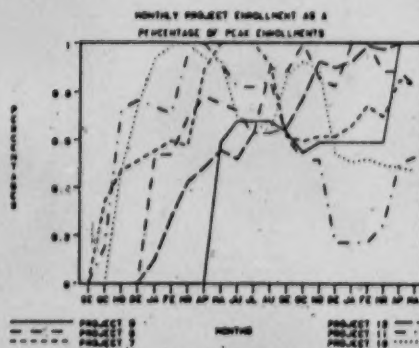
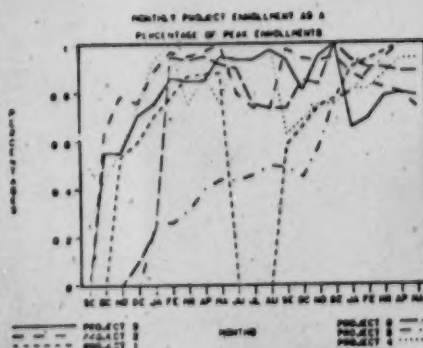
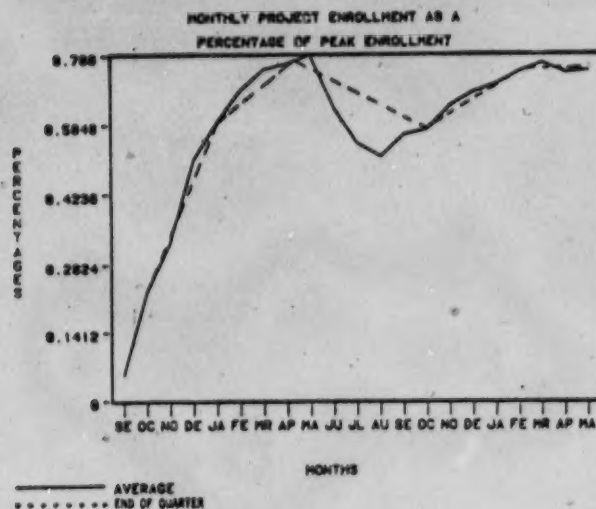
This instability almost totally disappears in the national data. Monthly enrollments are not recorded in the management information system, and end-of-quarter enrollments are "fixed" by most prime sponsors by concentrating terminations a few days later. Prime sponsor data average out the instability of subgrantees, while national data average out the anomalies among prime sponsors. At the delivery level, however, chaos rules.

This is suggested by the detailed evidence for a set of school-to-work transition projects (which would be classified primarily as "transition services" if funded under YETP and "other classroom training" if funded under Title IIBC) where the aim was to prepare youth over the school year for employment the next summer and beyond. All the projects were targeted to start up coincident with the 1978-79 school year, i.e., just like most other new activities initiated by the Youth Employment and Demonstration Projects Act of 1977. The aggregated enrollments for 60 of these school-to-work transition projects show a steady phase-up, a drop associated with the end of the school year, and then maintenance of enrollment over the second year (Figure 4.7). This is the predictable and orderly pattern reflected in national MIS totals. The underlying reality is suggested by the monthly enrollment patterns illustrated for three sets of six projects typical of the larger sample. There are incredible fluctuations from month-to-month, with the patterns significantly different for each project, reflecting unique circumstances, problems and accomplishments:

- During the 1978-1979 school year, when implementation was intended to coincide with school schedules, 85 percent of projects had their first enrollments in November or later and a fourth not until January or later, suggesting the difficulties of new program implementation at the local level.
- Over a third of the projects took a half year or more to reach 75 percent of planned enrollments. Only a third ever reached their planned maximum enrollments, and a third did not reach half of their planned maximums.
- After a year's operations, the projects still had average enrollments less than half of peak enrollments during the 1979-1980 school year.
- Over three-fifths of projects experienced significant modifications within their two school years of operation.
- Half the projects had at least one change of directors, and one in ten had three directors or more. The annual staff turnover rate averaged 50 percent over two years of operations. 16/

Instability affects not only operational performance, but equally important, it influences the types of activities which are mounted and the choice of service deliverers. Programs with the lowest common denominator--those with the least complexity that are extensions of existing efforts and which can be expanded or reduced with little problem are un-

Figure 4.7
The Hidden Instability of CETA Local Activities



Source: Barbara Dunn and Robert Taggart, *An Anatomy of School-to-Work Transition Projects* (Washington, D.C.: National Council on Employment Policy, September 1980).

avoidable. The interventions selected are short-term so that they can be surged and can have an immediate impact. Such interventions rarely anticipate multi-year or longer-term sequences for individual participants. Sequences could only be arranged by the prime sponsor by linking together separate activities, but these all have very uneven enrollment patterns dictated by annual funding schedules. Staffing patterns are also affected. Only certain types of persons are willing to live with the uncertainty or can be found on a moment's notice. They are usually uncredentialed and frequently ready to leave for other jobs, undermining stability of program delivery. Finally, the stop and go pattern, and the annual division of spoils among competing claimants, almost foreordains the use of existing community resources rather than the development over time of improved training programs since their continuity cannot be guaranteed. Even when existing community institutions are utilized, however, they are unlikely to be used optimally. For instance, employability skills projects cited previously were supposed to be initiated in the schools and linked to the educational offerings. Yet the contracting cycle from CETA does not provide funds until the start of the fiscal year (October 1) or later, while school staffing and assignment plans are made in the summer. Likewise, post-secondary institutions may mount CETA training, but given the uncertainty in funding, their efforts usually entail short-term special classes to fill idle capacity rather than integrating CETA clients into regular training activities. In the last few years, there has been a great deal of uncertainty whether CETA would even be reauthorized, so that long-term treatments and the institutional linkages needed to achieve them have been further undermined.

The solutions are quite straightforward. Aggregate funding levels for CETA human resource development activities should be stabilized. The allocation formula distributing these resources to prime sponsors should be based on structural factors, which do not change rapidly from year to year. Two-year contracting at the local level should be encouraged rather than reallocating unspent funds each year in a punitive way. Alternatively, half of local contracts might be revolved each year on a two-year funding cycle. Plans should include long-range institutional development and linkage goals as well as one-year activity commitments.

These steps are as unlikely as they are sensible. Congress is not predisposed to committing money in advance. Present allocation formulae are the result of political compromises and any changes would be controversial. Planning and contracting procedures have become institutionalized and will be difficult to change. Yet the fact remains that uncertainty and instability are a major reason why programs are not and cannot be, more effectively and rationally designed, managed and targeted at the local level. The responsibility is at the federal level. The problem can be overcome. And this solution may be more important than any possible legislative or administrative repackaging of CETA programs.

SECTION 2. FEDERAL OVERSIGHT AND INTERVENTION

Although the Comprehensive Employment and Training Act was intended to decentralize decisionmaking and management, the authority of prime sponsors is far from absolute. The prime sponsors must spend the federal funds they are allocated consistent with the law and the federal regulations interpreting the legislation. They are subject to Department of Labor review to assure the regulations are obeyed and, further, that adequate performance is achieved. Finally, there are several set-aside and special-purpose programs where the activities are selected and managed locally but the Department of Labor keeps its thumb in the pie.

In theory, the regulations, federal performance monitoring, and set-aside or special-purpose programs apply equally to all prime sponsors except for some limited exceptions. While the preceding analysis of patterns of variation among prime sponsors raises possibility that regional offices of the Department of Labor are not uniform in their interpretations and enforcements of the rules, federal oversight and intervention are more determinant of the averages than the variances. A uniform complaint of state and local decisionmakers is that federal requirements and second-guessing restrict their flexibility to respond to local needs and conditions. If prime sponsors were asked why they avoid long-term training, why they do not achieve more OJT, why they emphasize subsidized work experience, why their placement rates are low, or conversely, why they cream from among eligible participants, they would point to one villain--"the feds". It is difficult to sort out the rhetoric from the reality. Yet it is critical to determine how federal policies and enforcement affect the levels, types, targeting, and effectiveness of training at the local level.

The Regulations

The law and the regulations are surprisingly nonrestrictive when it comes to training, particularly classroom training. Under the Title IIBC, Comprehensive Employment and Training Services subpart, prime sponsors have the regulatory freedom to use all of their allocated resources for training. Under Title IV Youth Employment and Training Programs, they may also use all of their allocated resources for training. Under the Title VII, Private Sector Initiative Program, they are encouraged to use all their funds for training activities. Under Title IID, Structural Public Service Employment, prime sponsors have the authority to use all funds for training and are required to use a legislatively-specified portion of funds for this purpose. Under Title VI, Countercyclical Public Service Employment and the Title IV, Summer Youth Employment Program, they also have the authority to use all allocated funds for training. The fact that less than a fifth of all locally-allocated CETA funds in fiscal 1980 were utilized for classroom and on-the-job training was not a result of legal or regulatory restrictions, and the fact that some prime sponsors had training shares under all their local 1980 allocations which were double or triple those of other prime sponsors with the same unemployment rates and youth shares among participants offered proof that more training was allowable

and could have been achieved. If anything, the law and the regulations emphasize the use of training, particularly since the 1978 amendments which added the PSIP training title, required training under Title IID, and increased set-asides for vocational education and for linkages with state education systems. The regulations further require that transition services be provided to all participants in the summer program, while and encouraging training and remedial education. While employment is offered to students under YETP, it must be coupled with counseling, placement, occupational information, and efforts to overcome sex-stereotyping.

The regulations provide few restrictions or prescriptions for the types and targeting of classroom training. Occupational skills training is limited to those occupations where there is a reasonable expectation of employment, but is not allowed for "high" turnover, "low" wage jobs. "High" and "low" are defined in relative rather than absolute terms, i.e., relative to other local jobs which participants might secure. The training of sewing machine operators is proscribed except under specified conditions. Skill training is restricted to occupations that require more than two weeks of preparation.

The only specificity is about allowances, not about the content of training. Classroom training participants are entitled to an hourly allowance equal to the federal, state, or local minimum wage, whichever is higher, for the time spent in classroom training. An additional \$5 weekly is provided for each dependent over two, up to a maximum of \$20 for six or more. The basic allowance is reduced by the amount of unemployment compensation if this is received by the participant for the same week. If Basic Education Opportunity Grants are received during participation, they may be subtracted at the option of the prime sponsor. Public assistance recipients are provided a \$30 weekly incentive allowance supplementing their welfare check in lieu of an hourly stipend. For all categories of classroom trainees, additional payments cover transportation or other extraordinary participation costs. There is limited flexibility in these allowance requirements. The basic allowance can be waived, but only if the waiver applies to all participants in a course, does not discourage participation of individuals with limited means, and increases the number of participants served or the intensity of services. Individual waivers are permitted only with the written agreement of the participant and only if funds allocated for allowances have been obligated and unfilled training opportunities are available. Dependent and incentive allowances cannot be waived.

On-the-job training rules are much more specific, and there is no doubt that these affect the marketability of this approach to private employers. The training assignment must provide opportunities not otherwise available for the participant which promote upward mobility and lead to economic self-sufficiency. In matching participants and jobs, prime sponsors are to assure that the participant lacks the normal education, training, or work experience required for the job, although the employer is entitled to the final selection among individuals referred by the prime sponsors. Individuals who do not have serious skill or experience deficiencies are to be referred to OJT only when there are no other suitable placement, work or training opportunities.

The OJT participant is hired first and trained later. Employers are compensated for the cost of extra supervision and training needed for the CETA client as compared with usual entry employees. The regulations indicate that the reimbursement should usually equal 50 percent of the participant's wage during the period of training. The employer may also be reimbursed for the actual costs incurred for classroom training or other allowable employment and training services and supportive services purchased for OJT participants. The total reimbursement may be provided on a declining schedule over the period of training if there are higher initial training costs. In special circumstances, the employer subsidy (net of the reimbursement to cover any outside classroom training and services) may be more than half the wage if the characteristics of the participant indicate greater obstacles to employment than those of the normal CETA participant or if the training is at an unusually high skill level. In such cases, however, approval of the Department of Labor is needed.

The wage paid to the OJT participant cannot be lower than the federal, state, or local minimum, or the rate required by an applicable collective bargaining agreement. It must be "reasonable" considering such factors as industry, geographical region, and the participant's skill. OJT participants are to be provided workers' compensation and other benefits to the same extent as regular workers. Unemployment compensation coverage may be provided at the election of the prime sponsor if otherwise not required under state law. Working conditions may not be unsanitary, hazardous, or dangerous to the participants' health and safety.

The subsidies to employers come with some strings attached. Each assignment requires a contract detailing the length and nature of training, the method and amount of reimbursement, the number of participants, a job description and a statement of the duties, participant wage rates, costs to be reimbursed above the wage subsidy, and procedures for tracking attendance. The employer must comply with the Act and regulations, including equal employment opportunity provisions. OJT contracts may only be awarded to employers who have not been seriously deficient in their conduct of or participation in any Department of Labor program.

These restrictions make OJT a none too attractive package for employers, and certainly less attractive than available options. Under the Targeted Jobs Tax Credit, for instance, an employer can get essentially the same amount for hiring welfare recipients, ex-offenders, poor Vietnam veterans, disadvantaged out-of-school youth, and cooperative education participants. Under TJTC, the employer may screen and sort his own candidates, narrowing them down to those acceptable, sending them for certification, and thus avoiding all the paperwork and governmental oversight associated with OJT.

Experiments with alternative OJT formulations have documented that in order to increase penetration into the private sector, it is necessary both to enrich and to alter the groundrules for OJT subsidization. Under Youth Incentive Entitlement Pilot Projects, the law authorized 100 percent wage subsidies in the private sector, i.e., payrolling youth from CETA while they worked in private sector assignments and subsequently reducing the subsidy level if they became more employable. In other words, the employer

could try the youth before making a hiring commitment and before getting involved in any paperwork. Entitlement was targeted to a group from the lowest end of the documented employability distribution--16-19 year-old poor students or dropouts who had returned to school. It was a saturation program in the demonstration sites, providing jobs to all eligible youth and, thus, requiring a three- or fourfold expansion of CETA youth jobs in some sites. Yet even at this intensive level, one-fifth of the work provided was in the private sector. In contrast, OJT enrollments under YETP represented only 3 percent of total participants. In fiscal 1979, when there were 5100 participants in OJT under YETP nationwide, there were over 6000 under YIEPP in just 17 of 484 prime sponsors.

In order to determine the importance of the subsidy levels and formats, an experiment was initiated under Entitlement which offered either 100 percent, 75 percent, or 50 percent wage subsidies to stratified representative samples of private businesses. Participation rates of businesses, adjusted by multiple regression to control for differences in employer characteristics, were 18 percent for firms offered a full-wage subsidy, 10 percent for those offered a three-fourths wage subsidy, and less than 5 percent for firms offered a one-half wage subsidy. The levels and elasticity would unquestionably be different if the jobs were for older workers and were other than part-time school-year and full-time summer, but the evidence suggests that there is a responsiveness to the subsidy level and that the 100 percent subsidy, which eliminates much of the paperwork burden by keeping the workers as CETA employees during a try-out period, can increase the employer participation level substantially. ^{17/} Further confirmation was provided by the five-site demonstration program for out-of-school youth which fully subsidized a six-month period of full-time employment in the private sector. Although it was more difficult to develop jobs with private than public or nonprofit employers, 900 placements were secured for dropout youth in just five sites, compared to less than 10,000 OJT slots nationwide for dropout youth under PSIP and Title IIBC combined in fiscal 1979. ^{18/}

There is nothing in the regulations which encourages short-duration training interventions. Classroom training may last no more than two and a half years (of which only 104 weeks may be stipended). Since only .9 percent of 1977 entrants who subsequently completed classroom training stayed more than 15 months, the duration limitation can hardly be considered a real constraint on local discretion. The length of on-the-job training is limited to the period of time generally required for the acquisition of skills needed for the assigned position, as specified in the Specific Vocational Preparation Codes in the Dictionary of Occupational Titles. Whether anyone ever refers to this reference is doubtful, but the guidance it provides concerning the primary occupations of CETA training is sobering. All but the most menial entry jobs in each occupation require more than six months of occupation-specific training. In addition, language and mathematical competencies are usually required which are beyond the reach of many disadvantaged CETA clients (Table 4.12) As an example, a clerk typist job requires dexterity, good vision and three to six months specific skill training. But this assumes the individual already has math, reading, and writing abilities equivalent to a functional high school level. If the trainee has educational deficiencies, then these need to be addressed first. The successful education methods in Job Corps

Table 4.12
Competency Requirements and Training Times for
Assorted CETA Training Occupations

Occupation	DOT Classification	Mathematics Skills Needed*	Language Skills Needed*	Specific Vocational Preparation Needed
Welding				
Arc welder	810.384-014	4	3	Over 6 months up to and including 1 year
Gas welder	811.684-014	3	3	Over 6 months up to and including 1 year
Machine helper	819.666-010	1	1	Short demonstration
Welder-assembler	819.381-010	3	2	Over 1 year up to and including 2 years
Automotive Service				
Auto-body repair	807.381-010	3	4	Over 2 years up to and including 4 years
Automobile mechanic	620.261-010	3	3	Over 2 years up to and including 4 years
Automotive painter	845.381-014	2	2	Over 1 year up to and including 2 years
Construction				
Bricklayer	861.381-018	3	3	Over 4 years up to and including 10 years
Carpenter, apprentice	860.381-042	3	3	Over 2 years up to and including 4 years
Glazer	865.381-010	2	2	Over 2 years up to and including 4 years
Hod carrier	869.687-026	1	1	Anything beyond short demonstration up to and including 30 days
Paperhanger	841.381-010	2	2	Over 2 years up to and including 4 years
Painter	840.381-010	2	2	Over 2 years up to and including 4 years
Clerical				
Bookkeeper I	210.382-014	4	3	Over 1 year up to and including 2 years
Cashier I	211.362-010	3	3	Over 6 months up to and including 1 year
Checker I	203.362-010	2	3	Over 3 months up to and including 6 months
Clerk-typist	203.362-010	2	3	Over 3 months up to and including 6 months
Computer operator	213.362-010	2	3	Over 1 year up to and including 2 years
Medical Services				
Dental assistant	079.371-010	3	4	Over 1 year up to and including 2 years
Food-service worker	355.677-010	2	2	Anything beyond short demonstration up to and including 30 days
Nurse aide	355.674-014	2	2	Over 3 months up to and including 6 months
Practical nurse	354.374-010	2	3	Over 3 months up to and including 6 months
Physical therapist aide	076.244-010	2	3	Over 3 months up to and including 6 months
Education				
Teacher aide	249.367-074	4	4	Over 1 year up to and including 2 years
Nursery school attendant	359.677-019	2	3	Over 3 months up to and including 6 months
Social Services				
Case aide	195.367-010	3	5	Over 1 year up to and including 2 years

* Level	Mathematics Skills Needed	Language Skills Needed
1	Add and subtract two digit numbers. Multiply and divide 10's and 100's by 2, 3, 4, 5. Perform the four basic arithmetic operations with coins as part of a dollar. Perform operations with units such as cup, pint, quart; inch, foot, and yard; and ounce and pound.	Reading: Recognize meaning of 2,500 (two- or three-syllable words). Read at a rate of 95-120 words per minute. Writing: Print simple sentences containing subject, verb, and object, and series of numbers, names, and addresses. Speaking: Speak simple sentences, using normal word order, and present and past tenses.
2	Add, subtract, multiply, and divide all units of measure. Perform the four operations with like common and decimal fractions. Compute ratio, rate, and percent. Draw and interpret bar graphs. Perform arithmetic operations involving all American monetary units.	Reading: Passive vocabulary of 5,000-6,000 words. Read at rate of 190-215 words per minute. Read adventure stories and comic books, looking up unfamiliar words in dictionary for meaning, spelling, and pronunciation. Read instructions for assembling model cars and airplanes. Writing: Write compound and complex sentences, using cursive style, proper end punctuation, and employing adjectives and adverbs. Speaking: Speak clearly and distinctly with appropriate pauses and emphasis, correct pronunciation, variations in word order, using present, perfect, and future tenses.
3	Compute discount, interest, profit, and loss; commission, markups, and selling price; ratio and proportion, and percentages. Calculate surfaces, volumes, weights, and measures. Algebra: Calculate variables and formulas, monomials and polynomials; ratio and proportion variables; and square roots and radicals. Geometry: Calculate plane and solid figures, circumference, area, and volume. Understand kinds of angles, and properties of pairs and angles.	Reading: Read a variety of novels, magazines, atlases, and encyclopedias. Read safety rules, instructions in the use and maintenance of shop tools and equipment, and methods and procedures in mechanical drawing and layout work. Writing: Write reports and essays with proper format, punctuation, spelling, and grammar, using all parts of speech. Speaking: Speak before an audience with poise, voice control, and confidence, using correct English and well-modulated voice.
4	Algebra: Deal with system of real numbers; linear quadratic, rational, exponential; logarithmic, angle, and circular functions, and inverse functions; related algebraic solution of equations and inequalities; limits and continuity, and probability and statistical inference. Geometry: Deductive axiomatic geometry, plane and solid; and rectangular coordinates.	Reading: Read novels, poems, newspapers, periodicals, journals manuals, dictionaries, thesauruses, and encyclopedias. Writing: Prepare business letters, expositions, summaries, and reports, using prescribed format, and conforming to all rules of punctuation, grammar, diction, and style. Speaking: Participate in panel discussions, dramatizations, and debates. Speak extemporaneously on a variety of subjects.
5	Algebra: Work with exponents and logarithms, linear equations, quadratic equations, mathematical induction and binomial theorems, and permutations. Calculus: Apply concepts of analytical geometry, differentiations, and integration of algebraic functions with applications. Statistics: Apply mathematical operations to frequency distributions, reliability, and validity of tests, normal curve, analysis of variance, correlation techniques, chi-square application and sampling theory, and factor analysis.	Reading: Read literature, book and play reviews, scientific and technical journals, abstracts, financial reports, and legal documents. Writing: Write novels, plays, editorials, journals, speeches, manuals, critiques, poetry, and songs. Speaking: Conversant in the theory principles, and methods of effective and persuasive speaking, voice and diction, phonetics, and discussion and debate.

Source: Dictionary of Occupational Titles (Washington, D.C.: U.S. Government Printing Office, 1979); and Selected Characteristics of Occupations Defined in the Dictionary of Occupational Titles (Washington, D.C.: U.S. Government Printing Office, 1981).

require 150 hours of reading instruction to advance skills two grade levels. Assuming four hours daily in reading instruction (and the remaining time in math), it would take at least two months to move a person with a tenth-grade equivalent reading level up to twelfth-grade competency. This would add on to the total training time, pushing it over six months for most CETA clients assuming they learn typing skills as fast as the nondisadvantaged. And most other occupations require longer skill training. An arc welder needs six months to one year of skill-specific training and a high school functional level. Interestingly, the sex-stereotyped occupations on which females are usually trained and placed require less training time than the construction and other craft jobs usually targeted for males.

In other words, there is nothing in the "bible" which would suggest that short-duration institutional or on-the-job training is reasonable for the types of jobs which are the primary emphasis of CETA training, particularly when considering the beginning deficits of trainees. Certainly, the limited guidance offered by the Department of Labor does not constrain the duration of training.

Performance Monitoring

Each fiscal year prime sponsors must submit plans to the Department of Labor indicating how they will use the funds allocated under each CETA subpart. The plans include numerical goals for the coming year--total new enrollments and average enrollments by quarter and cumulatively for each activity component and for each subtitle; projected expenditures for each category of activities; the characteristics of those who will be served; and the outcomes expected. These data are used to derive projected performance indicators, particularly, placement and positive termination rates, as well as costs per placement, per participant and per positive termination. Each quarter, performance is reviewed relative to the numerical goals in the plan and relative to the derived performance indicators. At the end of the year, there is a top-to-bottom review of each prime sponsor by the regional offices of the Department of Labor which identifies problems in need of corrective action and determines eligibility and conditions for funding the subsequent year. Thus, federal leverage could be exerted at the initial point of plan review before its approval, at the end-of-the year when performance relative to plan is ultimately assessed, and during the year whenever there is an extreme variance from quarterly projections. The degree of actual leverage depends on how much attention is paid to design issues, service mix, and performance indicators in the initial plan review, the degree of flexibility allowed during the course of the year, and the rewards and punishments for performance as assessed at the end of the year.

The enormous variance among prime sponsors in service and participant mix, service costs, and performance as judged by placement and positive termination rates, costs per placement and costs per positive termination, is prima facie evidence that the federal performance monitoring system has not forced prime sponsors into a Procrustean bed. On the contrary, it appears that the monitoring system generates a lot of paper and workload with very little constructive outcome.

To begin with, performance goals in each prime sponsor's plan are to be set based on the previous year's experience, with the aim of improving each year, unless there is some justification such as locally rising unemployment. There are some guidelines supposedly used by regional offices during plan review. Yet the variance in classroom training and OJT shares for Title IIBC approved plans in 1980 was almost as great as the variance in actual classroom training and OJT shares; and the same held for expenditure levels. Prime sponsors are also free to modify their approved plans during the course of the year, and apparently this is a regular occurrence. For instance, during fiscal 1979 under Title IIBC, actual current enrollment in OJT was 66 percent of plan in the first quarter before modifications could be made, but then rose to 77 percent of modified fourth quarter targets. For the entire fiscal year, the ratio of current-to-planned OJT enrollment (as reported after modification of plans throughout the year) was 72 percent. In the first quarter the cumulative OJT enrollment was reported to be only 70 percent of plan. By the end of the year it was up to 82 percent of plan. There is no way current enrollment could have averaged 72 percent of plan, never rising higher than 77 percent, and yet achieved 82 percent of the cumulative goal unless this final goal reflected substantial mid-course corrections. This same quarterly pattern is evident for aggregate IIBC enrollments and expenditures in fiscal 1979, as well as for other years. Obviously, both current and cumulative planned enrollments are modified substantially over the course of the year. The usual practice is simply to approve modifications of planned service levels and expenditures unless they represent some massive breakdown in local performance or unless the prime sponsor is otherwise in the doghouse. Thus, even if approved plans at the start of the year required improved performance over the previous year, the plan in force at the end will usually be less ambitious as a result of "mods." For instance, the end-of-year approved placement rate for Title IIBC in fiscal 1980 was 48.6 percent, compared to 50.8 percent in 1979, while the positive termination goal was 68.6 percent vs. 76.2 percent. 19/

The end-of-the-year review which is the "big stick" of the Department of Labor turns out to be a weak reed. All titles of activity are assessed by the regional offices. In each case, the design, management, and statistically measured outcomes are weighed according to a quantitative rating system. Based on the point ranking, prime sponsors are classified as eligible for immediate funding, having problems that need corrective action but do not hold up funding for the next fiscal year, and having serious problems that must be addressed before refunding. In fiscal 1980 under Title IIBC, seven of ten prime sponsors were rated as eligible for immediate funding, a fifth as having problems identified, and one in ten as having serious problems. Averaging the scores for all CETA titles, one in twenty primes were rated as having serious problems overall.

It would appear, then, that federal review is serious business. Yet only two prime sponsorships in the history of CETA have been reconstituted under federal mandate. No other primes have been refused funding for a fiscal year. One of the major shortcomings of the present system is that there are no marginal penalties for poor performance. It is essentially an either/or proposition. Problems are never so severe that the feds can justify holding up or cancelling allocations which would turn those in need out on the streets. So the usual recourse is to generate a corrective

action plan, to demonstrate some progress in alleviating the most visible abuses, and to operate under conditional approval. The only marginal incentives and penalties lie in the use of the Secretary of Labor's discretionary funds, but they are too small a share of total resources to make a difference, and prime sponsors with serious problems have frequently received discretionary funds despite inadequate management of their formula-allocated resources.

Moreover, a detailed look at the review format reveals that it has less to do with the quality of programming and performance than with the acceptability of procedures and the adequacy of required paperwork. The federal priorities are manifest in the weights for different aspects of management, design, and numerical performance (Table 4.13). Correct planning formats, eligibility determination procedures, and equal opportunity and complaint handling systems together account for more points than placement performance. Even when numerical goals are judged, the prime sponsors must be 25 percent below modified plan levels in order to get no points. The qualitative, substantive aspects of employment and training activities account for only 18 of the 150 points. On-the-job and classroom training programs of a prime sponsor are not likely to be reviewed in the same year, and when they are, the review criteria focus almost exclusively on procedures rather than the substance of the training activities. There is no necessary monitoring of actual training sites or training curricula. For instance, the key points in the assessment of OJT are an analysis of OJT contracts or agreements to assure that they contain information on the skills to be learned, the training time, the employer reimbursement, a job description, and an assurance that the employer will comply with the regulations; there is no way of knowing from review of these pieces of paper whether the indicated conditions are actually being met. The prime sponsor must have written standards for selecting OJT opportunities; whether or not these standards are utilized is unknown. Based on interviews with staff, the reviewer must determine whether procedures are used to select participants who are in need of OJT. The prime sponsor must evidence procedures for follow-up on OJT participants. If enrollment goals are not being achieved, the reviewer must determine whether there is a reasonable justification and whether corrective action is being taken. For classroom training, the review focuses on whether the activities are the same as those in the plan, if the training occupations are adequate (presumably self-evident if the plan is met since the training courses were already approved), and a determination whether corrective actions are being taken if enrollment goals are not being met.

With these assessment criteria and this weighting schema, it is not surprising that among the 28 prime sponsors rated as having serious problems over all titles in 1980, the quality or quantity of training was mentioned as one of the deficient aspects only three times (one prime sponsor totally failed to comply with the 15 percent training requirement under Title IID; the IIBC performance indicators were inadequate for another; and the third underutilized the vocational education set-aside). In comparison, inadequate EEO compliance systems were mentioned nine times and inadequate monitoring or eligibility determination systems were a factor in 21 of the 28 prime sponsors. For the prime sponsors with serious problem rankings on Title IIBC, the quality or management of training was not mentioned once as a primary factor.

Table 4.13
1981 Performance Assessment Factors and Weights

Management	50
Independent Monitoring Unit	6
Eligibility Determination, Verification and Tracking	6
Financial Management	8
Planning (composition of council and procedures)	4
Subagent Management (includes having a system for performance management as well as procedures to assure special consideration for community-based groups)	8
Equal Opportunity	6
Complaints Procedures	5
Corrective Action Procedures	7
Program Design	50
Recruitment and Selection of Participants	7
Assessment and Employability Development Plans	7
Job Development and Transition Services	7
Services to Youth	4
Program Activities (two of the four reviewed in any year)	18
OJT	(9)
Classroom Training	(9)
Upgrading and Returning	(9)
Work Experience	(9)
Corrective Action Follow-Up	7
Numerical Performance Individuals	50
Positive Termination	5
Entered Employment Rate	8
Indirect Placement Rate	10
Private Sector Placement	5
Cumulative Enrollment	5
Accrued Expenditures	5
Cost Per Positive Termination	4
Cost Per Entered Employment	4
Cost Per Indirect Placement	4
Total	150
Eligible for immediate funding	105
Corrective Action needed	76-104
Serious Problems	75 or less

Source: Fiscal Year 1981 National CETA Assessment Handbook, Employment and Training Administration, Department of Labor (Washington, D.C.: Department of Labor, November 1980).

There will be increased priority on performance and less on process in the future. For the fiscal 1982 cycle, performance goals have been established by regression estimates which consider participant mix, service mix and area employment conditions. Prime sponsors will be rated relative to predicted performance rates. Whether this will have a major effect on quantitatively measured performance depends on several things: First, the weights in the annual review which are given to numerical performance indicators must be increased much more substantially. Second, the points awarded for numerical performance along different dimensions must be sorted out. For instance, more youth services may yield a higher positive termination rate, lower cost per positive terminations, and higher enrollment rates, but lower placement rates, and higher costs per placement. As this example suggests, any mix or management decision will affect some indicators differently than others, sometimes in contradictory directions. Third, plan modification policies must be tightened and applied uniformly. Fourth, the performance assessment system must be accurate enough that it does not dictate who is served or how intensively, i.e., does not cause prime sponsors to cream the most employable and to provide band-aid services. Fourth, the system must assure that net impacts are maximized and not just immediate outcomes. Finally, there must be marginal incentives for good performance and penalties for poor performance. It is questionable whether such conditions can be met. Regression estimates built on management information system averages for each prime sponsor cannot capture the variances in severity of need, service mix and intensity, or labor market conditions in a reliable enough way to justify heavy penalties except in cases of extremely and unequivocally poor performance. The data are not adequate to protect against creaming and band-aid approaches if placement performance is stressed. The possible outcomes are too variable to limit attention only to immediate placement, and the placement rate alone does not assure maximization of net impacts. No doubt, then, marginal changes in weighting and incremental penalties for the extremely poor performers will somewhat increase the torque of the monitoring system. But this will take time. There is no evidence that federal oversight and secondguessing has been a major factor so far in the history of CETA despite the exaggerated protestations of prime sponsors and boasts of federal managers.

Set-Asides and Categoricals

Much of the classroom training provided by CETA is the result of, or at least funded through, set-asides. The Governor's Supplemental Vocational Education Assistance grant, representing 6 percent of Title IIBC funds, provided over a tenth of the expenditures for training activities (i.e., not including allowances, services, or administration) under all of CETA and nearly a fourth of the training purchased under Title IIBC. The leverage of these funds is even greater since they are used almost entirely for the training itself, with the allowances, services, and administration provided by the prime sponsors out of their Title IIBC allocations. The increase in the vocational education set-aside from 5 percent to 6 percent in the 1978 CETA amendments was a significant factor in the increase in classroom training under Title IIBC from 46.5 percent of expenditures in 1978 to 52.3 percent in 1979 and 57.1 percent in 1980. In fiscal 1979, this extra 1 percent represented \$19 million, which, when matched by al-

lowances and services, equalled half of the increase between fiscal 1978 and 1979 in outlays for classroom training under all local CETA programs.

Another important set-aside was the training requirement under Title IID public service employment program mandated by the 1978 CETA amendments. In the belief that structural PSE should offer more than temporary employment, Congress required that a minimum of 10 percent of Title IID funds for each prime sponsor in fiscal 1979 be used for training, increasing to 15 percent in fiscal 1980 and 20 percent in fiscal 1981. Training had always been an allowable activity under public service employment, but the share of funds used for this purpose only became substantial after the training requirement took effect. 20/ By 1980, training expenditures under Title IID and VI represented one-fifth of expenditures for training activities under all CETA local programs. The increase in classroom training (as a full-time activity) under Title IID from fiscal 1978 to fiscal 1979 accounted for one-fourth the increase between fiscal 1978 and 1979 in total classroom training under all CETA local programs. This occurred despite the fact that three-fourths of prime sponsors fell short of the 15 percent target under Title IID in fiscal 1980, and two-thirds used less than 10 percent of funds for training. 21/

Training activities
as share of public
service employment

	1976	1977	1978	1979	1980
Title IID	.3	.3	.3	2.8	7.5
Titles IID and VI	.3	.3	.3	2.3	5.5

A variant of the set-aside approach is a categorical program which distributes funds for specific purposes either on a competitive application basis or on a formula basis with specifications concerning how these can be used by prime sponsors. The Skills Training Improvement Program or STIP is an example of the first approach. The Secretary of Labor's discretionary funds were specifically augmented to support "quantum leap" activities of longer duration which would not ordinarily be provided locally. Prime sponsors applied and were awarded grants on a competitive basis, with 45 percent eventually receiving funds. These grants were monitored by the feds as a separate local categorical program.

STIP resulted in more and longer duration training. The program phased up rapidly in 1978, reached a peak in 1979, and declined rapidly in 1980. Between 1978 and 1979, it accounted for one-fourth of the increase in classroom training expenditures under CETA local programs. The duration of training averaged 5.9 months in fiscal 1979, compared to 5.2 months for participants in IIBC classroom training. The cost per service year was a seventh above the level of IIBC classroom training (excluding administration in both cases); and because of the longer duration of stay, the per participant costs were more than a fourth above those in Title IIBC classroom training. 22/ Apparently the program had the expected payoffs. Although there was some creaming into the STIP program, the post-program success rates for STIP participants exceeded those for similar individuals under Title IIBC (Table 4.14). Almost half (49.7 percent) of all STIP

Table 4.14
 Characteristics and Outcomes for 1979 STIP and Title IIBC Participants

	1979 STIP	1979 IIBC Classroom Training	1979 STIP Entered Employment Rate	1979 Title IIBC Entered Employment Rate
Total	100	100	52.4	43.6
Male	61	40	53.7	45.6
Female	39	60	50.6	41.7
Age				
Less than 22	31	37	49.7	33.4
22-44	65	59	54.0	53.4
45+	5	5	49.3	51.5
Education				
High school student	2	4	49.9	10.4
High school dropout	22	34	46.6	45.7
High school graduate	58	48	53.4	54.6
Post high school	18	14	57.5	54.4
AFDC	14	20	44.3	29.4
Family head	46	59	52.1	51.0
White	45	48	53.7	46.4
Black	40	34	46.5	38.1
Hispanic	11	13	62.9	45.5
Other	5	5	62.7	46.0
Veteran	16	11	51.4	55.5
Unemployment compensation recipients	8	5	62.1	57.5

Source: Employment and Training Administration, Management Information System Fiscal 1979 Summary Reports, unpublished and Westat, Inc. Characteristics of Enrollees Who Entered Adult-Oriented CETA Programs During Fiscal Year 1979 (October 1978-Through September 1979) (Washington, D.C.: Employment and Training Administration, Office of Policy, Evaluation and Research, February 1981).

participants were reported as having entered employment, which might be contrasted with the 43.5 percent figure for 1977 CETA classroom trainees reported by the CLMS. ^{23/} The median wage before entry into STIP for 1980 terminees was \$3.43, and the median wage at placement was \$4.78. This two-fifths gain contrasts with the one-fifth increment for IIBC and PSIP terminees in 1980.

The Private Sector Initiatives Program authorized in 1978, and highly touted by both Democratic and Republican administrations, was an attempt to increase private-sector-linked local training activities, particularly OJT, through both a set-aside of funds and changes in the delivery and decision-making systems locally. Private Industry Councils were mandated in each prime sponsorship. These councils required predominant representation from the business sector. They were to dictate the use of the local Title VII allocation, and were permitted to manage these activities.

Despite the favorable rhetoric, the record of PSIP has been anything but impressive by the standards and performance measures usually applied to employment and training programs. The 1978 amendments to CETA were to take effect no later than April 1979, and the PICs had a head-start with money reprogrammed from PSE. Although Private Industry Councils had been established in most prime sponsor areas by fiscal 1981 and were approving plans for the expenditure of the funds allocated under Title VII, a qualitative assessment based on case studies was that in mid-1981 only about one in ten PICs was really an active body separate from normal prime sponsor operations. ^{24/} Allowing for start-up in fiscal 1979, the activity levels achieved in fiscal 1980 were not overwhelming. A fourth of prime sponsors reported no PSIP activity. Total participants in fiscal 1980 were also less than three-fourths of plan, completions only two-thirds, and unsubsidized placements only two-fifths. More significantly, a primary aim of PSIP was to increase OJT levels. It was originally planned in fiscal 1980 that two-fifths of cumulative enrollments would be in OJT. In fact, less than half of this target was achieved, compared with more than one-hundred percent of the original classroom training goal. In fiscal 1980, PSIP accounted for only 11,800 person years of service, which represented just 3 percent of classroom training service years provided by prime sponsors and 8 percent of OJT service years. The mix of OJT vs. classroom training was only slightly different for PSIP than for Title IIBC training activities; OJT accounted for three-tenths of the PSIP years of service and enrollment in 1980 (the remainder being classroom training) compared to one-fifth of Title IIBC training (i.e., disregarding work experience). In other words, the PICs apparently did not find it much easier than the prime sponsor to access private employers through OJT, and had a modest effect overall on the aggregate OJT placement activities at the local level.

The very early returns suggest that PSIP has been able to achieve somewhat better outcomes than Title IIBC. In 1980, 42.4 percent of PSIP trainees entered employment compared to 37.2 percent for Title IIBC; the private sector employment rates of trainees were 34.1 percent and 26.1 percent, respectively. Yet these results were the result, in part, of higher expenditures and significant creaming (as well as the proportionately higher level of OJT since PSIP has very little work experience compared to IIBC). The cost per service year of PSIP in 1980 was \$9400--or a fifth above a like mix of services under Title IIBC. A comparison of the 1980 PSIP enrollees with those in IIBC overall as well as its classroom training and OJT components, documents that PSIP was more selective (Table 4.15). If PSIP had the same age mix of participants as Title IIBC, and the entered employment rates for each age group were the same as among PSIP participants in fiscal 1980, the entered employment rate differential between IIBC and PSIP would have been reduced from 5.2 percentage points to

Table 4.15
 Characteristics of PSIP and IIBC Participants in Fiscal 1980

	PSIP	IIBC Classroom Training and OJT (Weighted in Proportion to Training Shares Under PSIP)	All IIBC
Male	57.3	46.0	47.7
Age			
Under 22	36.3	34.6	47.8
22-44	58.6	59.4	45.7
45+	5.1	6.0	6.4
School dropouts	29.7	36.4	29.3
Student	4.7	3.7	19.6
High school graduate	48.3	45.4	32.9
Post high school	17.3	14.5	13.2
Receiving public assistance	21.4	32.1	27.0
Unemployment compensation recipient	9.0	8.2	5.3
Single parent	20.1	25.4	18.2
White	48.6	50.7	50.8
Black	32.3	32.8	33.1
Hispanic	14.5	11.0	11.7
Other	3.5	5.6	4.5
Limited English	6.0	6.9	5.0
Veteran	12.0	9.9	7.8

Source: Employment and Training Administration, Management Information System, Fiscal 1980 Summary Reports, unpublished and CETA Supplemental MIS Tables by Initial Program Assignment, New Enrollees During October 1979-September 1980 (Employment and Training Administration, Office of Policy, Evaluation and Research, 1981).

1.7 percentage points. Similar weighting for differences in educational attainment and status would reduce the differential to 1.2 percentage points. Other factors were less critical but in the same pattern. Adjusting for sex of participants would reduce the placement differential by .4 percentage points while race would change it to .2 percentage points. 25/

The thrust of this analysis is not to negate the value of PSIP over the long run, but simply to suggest that there is no reason to believe that the "private sector" linkage approach, using PICs, can make more than minimal changes in service levels and mixes. It may be able to "cream" and, hence, get more OJT placements, but it has not, by its achievements, demonstrated that linkages are major factors impeding involvement of employers in OJT or, if they are, that they can be successfully forged through Private Industry Councils. The payoff, instead, is simply more training because the funds are categorized for this purpose, and perhaps more payoff from the classroom training which is undertaken because it may come closer to employer standards so that private sector placements more often result for trainees.

Thus, if more training is desired in the CETA local programming mix, it appears that either set-asides or categorical approaches will achieve this outcome. The upward trend in CETA training in the last several years is almost totally explained by the increase in the vocational education set-aside, by the training requirement under PSE, by HIRE and STIP, and the new PSIP program. The choice among different set-aside and categorical approaches depends on the aim. The vocational education set-aside is an effective way to achieve more classroom training and to link with existing institutions, although the product may be "more of the same." There is a possibility of substitution, with prime sponsors reducing training expenditures from locally-allocated funds if they get more from Governor's grants, but this does not appear to be a problem overall. Federal specification and leverage is apparently needed to produce longer-term, higher cost investments which yield higher placement rates but also serve the more employable segments of the eligible population. Process changes can be encouraged through set-asides such as PSIP which dictate institutional arrangements locally, although the short-term yield is apparently modest and limited to those areas and dimensions where process is really the problem. The earmarking of funds for specific purposes does not significantly alter the potentials for different approaches. For instance, there are apparently only a subset of state and local areas with the capacity or opportunity to mount long-duration intensive training programs, whether they are selected by competition as in STIP, or they seize initiative within broad flexibility as a few PICs have done under Title VII. Where the aim is to take advantage of targets of opportunity, the competitive approach may be best. Where the aim is to gradually change the system, the formula-funded categorical approach is probably better. Likewise, there are apparently no delivery alternatives or funding arrangements that can drastically increase the use of OJT as currently designed. It is hard to sell to employers, whether the marketer is an employee of a PIC or a prime sponsor staff. However, earmarking may make the local decisionmakers work harder to achieve specified goals by foreclosing the paths of least resistance, such as work experience when OJT cannot be marketed, or "other" classroom training when quality occupational training is not feasible.

SECTION 4. NATIONAL ADMINISTRATION-LESSONS FROM JOB CORPS

In its history, philosophy, targeting, design, and management, Job Corps contrasts markedly with local CETA training efforts. These contrasts raise some important issues. While the transferrability of Job Corps approaches to a local setting is uncertain, the lessons are worth consideration in light of the evidence concerning some of the shortcomings of local operations and decisionmaking.

Investing A Lot In Those Who Need It Most

The Job Corps offers comprehensive and intensive services to the hardest-to-employ segment of the CETA-eligible population--dropout youth from impoverished backgrounds who have limited or no work experience, minimal reading and math competencies, and frequently health or behavioral problems. Job Corps has not wavered from this mission and approach in 16 years of operation.

Without question, separate categorization and national direction have led to greater targeting and more intensive investments. Among the 1.2 million participants in local CETA nonsummer programs in fiscal 1979, less than one of every seven was a disadvantaged, dropout youth. Such individuals unquestionably needed training because their employability was so limited. Yet only a third were assigned to training (and only one in twenty to on-the-job training). The remainder were placed in work experience positions (despite the compelling evidence from supported work that out-of-school work experience has little or no impact on post-program employability). The classroom training slots locally were allocated to other enrollees who, while burdened by many problems, were clearly less disadvantaged.

	CETA Classroom Training 1980	Job Corps 1980
Under age 22	42%	100%
16 or under	7	25
Minority	51	69
High school dropout	39	86
Offender	7	19

Put another way, one of every three disadvantaged, dropout youth who received CETA authorized employment or training services in 1980 (other than summer only employment) was a Job Corps enrollee even though Job Corps participants represented only 3 percent of all CETA entrants. The number of dropouts entering Job Corps in 1980 was half again the number of dropout

youth entering classroom or on-the-job training as a primary activity under all local CETA programs. 26/

Differences in dropout rates and placement prospects may be reasons why prime sponsors choose not to serve dropout youth, but another factor is that they are unwilling to concentrate resources in order to make the substantial investment required to permanently increase employability. The total cost of Job Corps in fiscal 1980 was three-fifths higher than the service year cost of classroom training and almost two and a half times the service year cost of work experience. Given the average length of stay of 6.0 months in Job Corps, 5.2 months in local classroom training, and 4.6 months in work experience, each Job-Corps type enrollment was, thus, the equivalent of two classroom training positions, three work experience opportunities, six summer employment opportunities, or three school-to-work transition slots. There are more claimants than resources at the local level, and hence an understandable inclination in a politically-oriented delivery system to spread the loaves and fishes among the multitudes.

There are over 100 Job Corps centers and 484 prime sponsors. Job Corps studies suggest that the optimal center size is between 400 and 600 enrollees, and that smaller centers experience severe diseconomies. Few prime sponsors serve enough disadvantaged dropout youth, of whom only a portion might want Job Corps treatment, to maintain a residential facility. During 1980, there were 1300 Job Corps recruits from New York city, 850 from Baltimore and 340 from Detroit. 27/ A typical 500-bed center will have 1000 enrollees a year. In the rural poverty areas from which many of the recruits are drawn, state-operated residential facilities are a possibility, but only a few of the states with Job Corps centers provide enough recruits to fill the centers located within the state; likewise, few of the states currently without centers recruit enough Corpsmembers to fill a 400-600 enrollee center if it were established.

There is also some question whether locally-based operations would be appropriate. Perhaps the most important element in a nationally-operated residential program is the inherent impact on mobility. All local training programs are based on training for jobs in the locality, and it is there that placements must be made. Funds are allocated on the basis of need so that training resources become concentrated where there are the fewest jobs to train for, as well as the greatest pressures to provide immediate aid for large numbers. Job Corps provides an exit route from ghettos, barrios and depressed rural areas. As noted previously, increased mobility is a major factor behind Corpsmembers' success. In the first 18 months post-program, 35 percent of 1977 Job Corps terminees moved between cities for job-related reasons and a total of 41 percent moved for some reason (excluding Job Corps moves). Among matched nonparticipants, the rates were 23 and 24 percent, respectively. Other than the military (where enlistments increased from 5 percent to 9 percent as a result of Job Corps participation), there is no other institutional mechanism for achieving mobility offered by CETA. 28/

Standards and Standardization

Another very important feature of Job Corps is the use of standardized competency-based curricula for basic and advanced education and world-of-work training, structured around standardized measurement and tracking frameworks for vocational and educational activities.

The Job Corps reading program is a self-paced individualized approach. Based on a 13 minute preliminary reading test, students can be identified as beginning readers (0-3.5 grade levels), intermediate readers (3.5 to 7.5 grade level) or advanced readers (7.5 grades or higher). They are then provided more detailed tests to be placed in one of the eight levels in beginning reading or eight levels in the intermediate category (each equal to roughly half a school grade), and seven sublevels for those in advanced reading. There are separate unit and section tests at each level and, to advance, a participant must first pass the separate unit tests and then pass a level test. In each level, there are a variety of reading selections cross-referenced so that specific materials are prescribed depending on the specific problems identified in the tests. The mathematics program operates in the same way. The GED program, which serves students who achieve the 7.5 grade level or above, is based on the five subject areas of the GED. Each student is given a GED practice test and, based on scores on the five subtests, is assigned to individualized, self-paced units.

Using the detailed competency assessment and prescription system, Job Corps has been able to screen alternative educational materials and cross-reference them to the system, so that the best available in the private and public sectors can be utilized. Job Corps has also developed some of its own materials in order to fill the gaps. The reading and mathematics placement tests have been validated to other national tests such as the SAT and Gates reading tests, and have proven effective during years of applications. The documented learning gains of Corpsmembers in the reading and math programs dramatically exceed their own previous achievement rates, as well as school norms, providing proof that the Job Corps treatment works.

Given the evidence that existing remedial education approaches can increase the gain rates of the educationally disadvantaged, and that improvement up to credentialable levels is necessary to realize a greater payoff in the labor market, it is significant that only a minority of participants with educational deficiencies are receiving remediation under local CETA programs and that the short-duration of participation in CETA limits the chances that those who receive education services will be able to advance to the certifiable high school equivalency. What would make sense is either to increase the length of stay in full-time educational components, or else to combine education and work or training activities in a way that a person participating in CETA at several different points could gradually progress towards a GED. The educational system in Job Corps--structured as an open-entry, open-exit system offered several hours a day in combination with other activities--could easily be adapted for use in remedial components integrated with local work activities. Furthermore, there is exciting potential for local delivery through the use of computers. One of the experiments under Job Corps was a test of computer-assisted instruction (CAI)--where lessons were provided on a terminal

linked to a minicomputer or on a stand-alone microcomputer, and computer-managed instruction (CMI)--where the diagnostic tests were taken on the terminal, the results analyzed by the computer, and the individual assigned to either computer-assisted lessons or printed materials. The reading gain scores of Corpsmembers who received CAI as a supplement to the traditional Job Corps materials were half-again the substantial gains of students in the regular reading programs. Where GED materials were provided through a CMI-CAI combination, the preparation times were substantially shortened. Attendance also increased. 29/ There were experiments with a network of terminals tied into a single minicomputer in order to serve surrounding local communities or several Job Corps centers. Several prime sponsors have now mounted and are currently operating similar systems, with terminals provided to the schools capable of delivering a pre-screened set of CAI lessons, along with the written materials constituting the basic Job Corps reading and mathematics program. These have been supplemented by a competency-based world-of-work package, and several vocational training packages are being prepared which can be delivered in a combined CAI-CMI mode. Because of the rapid decline in minicomputer and terminal prices, and with the increased diversity of materials that are presently available, it is possible to delivery self-paced, individualized educational instruction and basic life skills training in any setting where there is a telephone to link a terminal to a central minicomputer, i.e., at almost any site where employment and training activities are taking place. Micro-computers with parallel CAI lessons can be used whenever such minicomputer networks are infeasible. The costs of such offerings, particularly the marginal costs of adding extra terminals to minicomputer systems, are extremely low. They are further reduced when the management information system uses these same terminals and technical assistance for staff is provided along with CAI lessons for participants.

Vocational training in Job Corps is also competency based. Each occupation of training has a standardized Training Achievement Record which itemizes a hierarchy of skills and knowledge steps (Table 4.16). Each participant is judged on the basis of performance and knowledge relative to this hierarchy. The TAR is the framework for structuring individualized instruction so that each trainee can move at his or her own pace which is necessary because Job Corps is open entry and exit. Each center contractor develops its own vocational curriculum, but it must be structured to provide, as a minimum, the competencies outlined in the TAR. The TAR approach, thus, provides some standardization of the programs developed by diverse operators, as well as a way to measure and check the performance of training at different centers. With such a standardized framework, it is possible to interchange the materials developed at different centers. Individual performance can also be judged when Corpsmembers apply for advanced vocational courses. In some cases, particularly welding, the TAR has been used by employers to determine the skills and appropriate placements for terminees.

Most other dimensions of center operations are also subject to uniform guidelines specifying minimum components and qualitative standards. For instance, centers are required to provide a comprehensive medical examination within two weeks of entry. All Corpsmembers staying over 90 days are to receive dental examinations and appropriate treatments. The facilities

Table 4.16
An Example of the Vocational Competency Assessment and
Tracking Framework--The Training Achievement Record for Carpentry

NAME	SOCIAL SECURITY NO.	DATE TRAINEE ENTERED TRAINING	TITLE Carpenter, Construction OCT COES #— 860.381	CERTIFIED BY					
ACHIEVED INDIVIDUAL MARKETABLE SKILL									
Safety		PERFORMANCE							
1. Practice safety on the job		1	2	3	4	KNOWLEDGE			
2. Know and use safe practice handling tools, woodworking machinery						a	b	c	d
General									
3. Know and understand carpenter terminology									
4. Use and maintain common hand tools									
5. Use and maintain measuring tools and equipment									
6. Use and maintain power operated woodworking machines									
7. Read, understand and interpret building drawings									
Foundations, Walls, Floors and Roofs									
8. Lay out building lines and set stakes for grading									
9. Build and place straight concrete forms									
10. Line up and brace concrete walls and columns									
11. Lay out footings, build or place forms and brace									
12. Build irregular concrete forms									
13. Lay out and set stairs and treads; install railings									
Trimming (Foundations and Walls)									
14. Lay out and frame sills and girders									
15. Frame and set floor joists									
16. Lay out walls and partitions									
17. Erect walls and partitions									
18. Install sheathing and plaster grounds									
Roofs									
19. Frame and set common rafters									
20. Frame and set valley rafters									
21. Frame and set hip rafters									
22. Frame and set jack rafters									
23. Apply sheathing, composition shingles and other types of roof covering									
Structural Millwork									
24. Determine correct tools and materials, supplies for task									
25. Operate skill saw, electric drill and sander									
26. Set up and operate bench saw									
Interior Wall Covering									
27. Apply wood coverings									
28. Apply composition, sheet rock or fiber board									
29. Install baseboards									
Floors									
30. Lay sub-flooring									
31. Lay sub-flooring									
32. Build and place forms for concrete floors									
Interior Finish									
33. Cut and fit base and moldings									
34. Set door jams; fit and hang doors									
35. Fit and hang windows									
36. Fit and fasten hardware									
Remodeling									
37. Install aluminum and vinyl siding									
38. Install aluminum storm windows and doors									
39. Lay new roofing materials									
40. Install aluminum porch enclosures, awnings, patio covers									
41. Install metal porch roofs and stair rails									
42. Install overhead garage doors and remote-controlled garage door opener									
EDUCATION, TECHNICAL KNOWLEDGE-JOB PHYSICAL PROFILE		PERFORMANCE			KNOWLEDGE				
1. Use instructions furnished in written, oral, diagram or schedule form		1	2	3	4	a	b	c	d
2. Use arithmetic; apply practical algebra and geometry									
3. Read and interpret technical materials									
4. Prepare reports and summaries, conforming to good English usage									
1. Able to lift 50 lbs. maximum; carry to 25 lbs; walk and stand continuously									
2. Able to climb and use both shoulder and hip to stoop, bend, crouch, crawl									
3. Able to use fingers, hands, arms to reach, handle, feel									
4. Able to see effectively									
5. Work both indoors and outdoors where physical hazards exist									

Source: Employment and Training Administration, Office of Job Corps and Young Adult Conservation Corps.

on center or those secured under contract must meet very specific requirements covering such things as the number and types of dental chairs, x-ray equipment, nursing personnel, and the like. Information on medical facilities utilization and costs are required in detail each quarter and are used as a management tool. In addition, medical experts review each center once a year to determine the adequacy of treatment. Likewise, there are standards for the food served at centers specifying the number of entrees, vegetables, and calories at each meal. There are guidelines concerning the types of recreational activities which must be provided, as well as for counseling and psychiatric assistance, and student government. The financial and activity reports for each Job Corps center provide detailed statistics on most of these dimensions, and there is top-to-bottom on-site review each year by a team of federal personnel to assess compliance with qualitative and quantitative standards for each component. In other words, maintenance of these minimum standards can be and usually are assured by federal monitoring.

Standardization of minimum components also means that performance can be meaningfully assessed from a few key indicators. In comparison to prime sponsor operations which consist of an incredible melange of activities provided to a diverse participant group with enormous variability in the match-ups of service types and clients from prime sponsor to prime sponsor, the variance in participants and treatments from center to center is quite modest. Thus, comparison of centers according to performance indicators is much more meaningful. For instance, there is no question that longer stay in Job Corps is associated with greater post-program gains, so that length of treatment is a reasonable indicator of impact (as long as it is assured, as it is by regulation and monitoring, that Corpsmembers are free to exit if they choose). In contrast, long stay in a work experience, job search assistance, or even an ESL component under a prime sponsor's operation may not be desirable. In centers where beds need to be filled and student-teacher ratios are established to achieve maximum efficiency, the capacity utilization rate is a meaningful indicator of performance. In contrast, prime sponsors may be operating programs with large fluctuations in enrollments, as witnessed by the utilization figures in the school-to-work transition projects cited earlier, yet these fluctuations are averaged out in the aggregated, quarterly data for the prime sponsor and there is no way to determine utilization of available resources. Since Job Corps recruitment and placement activities are usually outside the aegis of the center, the placement results, on average, tend to reflect the quality of treatment on center; in contrast, good placement results for a prime sponsor might result from creaming of participants or a job access emphasis which masks ineffective treatments. Thus, where a center differs substantially from Job Corps norms concerning duration of stay, capacity utilization, or placement, there is reasonable certainty that a problem exists. A one- or two-month rise in the weekly termination rate of a center will usually tell as much as a ream of CETA management information system reports from a prime sponsor.

This is suggested by comparison of some of Job Corps and CETA performance indicators. As noted previously, the coefficients of variation for prime sponsor Title IIBC performance indicators in 1980 (i.e., the standard deviation in the indicator divided by the mean for all prime sponsors) were quite substantial:

	Coefficients of Variation
Plan/actual OJT enrollment	56.4
Plan/actual classroom training enrollment	35.2
OJT cost per participant	61.7
Classroom training cost per participant	43.7
Cost per placement	70.3
Entered employment rate	35.3

These might be compared with the coefficients of variation for the four principle Job Corps center performance indicators in fiscal 1979:

	Coefficient of Variation
Completion rate	16.7%
Weekly termination rate	19.4
Capacity utilization rate	4.7
Placement rate	4.2

Moreover, it is possible to get immediate corrective action, particularly in the case of contract centers where poorly performing operators can be replaced. Among the ten centers ranked lowest on each of the four Job Corps indicators in fiscal 1978, half had moved out of the bottom ten for each particular indicator by fiscal 1979. In three-fourths of the cases performance on the relevant indicator improved noticeably from one year to the next. 30/

Contracting for Management

Most prime sponsors utilize contract delivery agents, but the overwhelming majority of such agents are not-for-profit groups. A few prime sponsors contract for delivery of whole segments of their operations, such as youth programs, to community groups, but the prime sponsor usually retains management responsibility. In Job Corps, both management and delivery may be contracted, and frequently the contractor is a private-for-profit operator. In 1979 there were 53 contract centers in addition to the 35 conservation centers operated by the Departments of Interior and Agriculture on federal land (plus two centers in Puerto Rico operated by the Commonwealth); among the contract centers, 43 were operated by private-for-profit groups. 31/ Over the life of the Job Corps a number of major U.S. corporations have served as managing agents, including Litton Industries, Packard-Bell Electronics Corporation, Teledyne, General Electric, Burroughs, Thiokol, Philco-Ford, Westinghouse, Bendix, RCA, AVCO, and Singer. In recent years, several smaller and minority-owned firms have also become center operators.

Managing and delivery agents are selected by a competitive process. Each contract center is competitively bid every two years, although a contract may be extended for a third year if operations are adequate, or

rebid before two years if performance is totally inadequate. In the early years of Job Corps, many companies were involved because of federal pressure or to demonstrate corporate citizenship. Not surprisingly, there was a high turnover among contractors. In the 1970s, this turnover declined as the corporations which remained active developed expertise and extended operations to multiple sites. From 1976 to 1980, there were only three cases where rebidding led to changes in for-profit contractors of particular centers, compared to 7 changes between 1971 and 1976. However, there have been frequent changes in the staffs of particular centers, in response to poor performance and under threat of losing out in the next competition. Private sector contractors are able to fire personnel more easily than the public sector operators as well as to shift individuals to centers where their talents can be most effectively utilized. Most of the contractors also achieve economies of scale and standardization of offerings through management and operation of multiple sites. For instance, in 1979, Thiokol managed four centers, RCA managed eleven, Singer managed nine, Teledyne five, and AVCO five.

The cost of private sector participation includes a fee--usually 4 percent of the center's operating expenses--and a government approved administration and overhead rate. In 1977, fees and overhead amounted to 10 percent of center operating costs per Corpsmember year in contract centers, or 7.5 percent of the total Corpsmember year costs including allowances, recruitment and placement, transportation, union contracts, and federal administration. 32/

The performance of the contract centers can be compared with that of conservation centers, operated by the Departments of Interior and Agriculture. These conservation centers are generally smaller and have a lower female enrollment than contract centers, so that economies of scale cannot be as easily achieved. The conservation center costs also include work project expenses, which are offset by output. Finally, unions operate training programs in the conservation centers under national contracts. Adding the union costs and subtracting the higher work project costs per Corpsmember, the average expenditure in conservation centers in 1977 was a sixth above that in the contract centers, without counting the extra federal overhead in the Departments of Agriculture and Interior. The evidence from the 18-month follow-up of male enrollees suggests that after adjusting for size of centers, location, coed status, race, age, and high school status of enrollees, that the employment increases from pre-enrollment to the week prior to follow-up were 17 percent for contract center enrollees and 11 percent for conservation center enrollees. Among trainees, the portion who reported that the training had helped in obtaining at least one job was 27 percent for participants in contract center compared to 24 percent for participants in conservation centers. 33/ If the figures on union placements are at all accurate, the union operated programs in conservation centers must account for a substantial share of the placements, and conservation centers enrollees who do not participate in these programs apparently do not fare well.

Within contract centers, the performance of for-profit contractors can be compared with the performance of public and nonprofit contractors including state and local education departments, community-based organizations, and special-purpose groups such as the Texas Education Foundation.

While there are no data on the costs of public and nonprofit versus private-for-profit operators in contract centers, the limited evidence from the Job Corps impact study is that participants in publicly-run contract centers do better in terms of post-program employment and earnings, all else being equal. ^{34/} In part this may reflect the effects of competition which results when there are viable alternatives. There has been turnover in public and nonprofit contractors: two centers run by public contractors were closed, and managing agents in two other cases were changed between 1971 and 1976. Another change occurred in 1978 when an otherwise effective public contractor chose not to rebid, because with the rise in public salaries, it could no longer operate within Job Corps cost limits. Most of the public and nonprofit contractors were able to hire staff outside local civil service procedures so that they had many of the advantages of for-profits. Some also operated multiple centers, achieving economies of scale. Thus, while the evidence suggests that there is no magic in private sector management per se, competitive contracting assures options in the case of poor performance and some incentives to maintain the performance of staff as well as flexibilities to replace operators if they are not adequate.

Many CETA programs have smaller annual budgets and no more complicated operations than large Job Corps centers. The use of private sector management agents working under contract to local units of government might improve performance in some areas or at least provide needed options. Administrative costs now average nearly a fifth of expenditures under local CETA programs, and have skyrocketed since the advent of "cost-pooling" which allowed prime sponsors to take a cut off the top of allocations under each title with very little accounting for outlays. It appears that private sector fees and overhead would not represent any significant cost increase and might help to achieve greater effectiveness in some cases. Certainly this approach is worth trying where prime sponsors have performed unacceptably as managers.

Opportunity Ladders

The fundamental approach of CETA local programs is to provide work, training, or other services for a limited period, and then to place the participant as soon as possible into a job. Job Corps, from its inception, has aimed to provide comprehensive, individualized, self-paced human resource development activities over an extended treatment period in order to assure each participant the opportunity to advance as far and as fast as possible. Job Corps has also sought to provide as many training and education options as feasible so that the needs of each individual can be accommodated. One of the inherent advantages in having a national network of centers, and provision for transportation and residency, is that it permits specialization in training at specific centers to service participants with special interests and abilities drawn from all centers. While the range of basic Job Corps vocational offerings are roughly the same from center to center, advanced programs have been instituted at various centers which focus on reclamation, solar energy, marine trades, high level automotive mechanics, clerical training for the transportation industries, and computer training. Additionally, certain centers have developed special adaptations of education and other programs in order to

deal with special needs segments of the eligible population such as handicapped youth and the learning disabled, Indochinese refugees, single parents and the like.

The Advanced Career Employment and Training Program (ACET) is the most ambitious of the "quantum leap" training efforts. Under a contract with the Job Corps, Control Data Corporation (CDC) trains Corpsmembers as computer operators and customer engineers. Trainees are selected from Job Corps centers throughout the nation. To be eligible for this advanced program, the Corpsmembers must have participated at least three months in regular centers and have attained an eighth grade reading level and a GED or high school diploma. CDC tests are also used to determine interest and ability, with the highest scorers placed in customer engineer training, the more advanced of the offerings.

The training occurs at the Control Data Institute in Minneapolis, Minnesota, and the work experience assignments are within CDC branches around the country. The computer operator training component is eight months and the customer engineer training 14 months. Trainees utilize the PLATO computer-based education system developed by CDC and the University of Illinois. This system provides self-paced, individualized instruction so that more capable students can move more rapidly through training. The courses cover remedial education, electronics, binary math, computer logic, the fundamentals of data processing and computer equipment. During the period of training, Corpsmembers receive full Job Corps benefits including room and board, training and counseling, transportation, a clothing allowance, and other special services. The training is followed by full-time subsidized internships for up to one year, but less if the trainee becomes fully productive earlier. During the internships, the trainees are responsible for their own support but receive the entry salary for customer engineers (\$1083 monthly in 1980) or computer operators (\$885 monthly). Jobs are then guaranteed by the Control Data Corporation for all completers. The guarantee stipulates a minimum beginning salary (\$12,000 for customer engineers in 1980 and \$9,300 for computer operators). The occupations of training were selected because of the availability of employment opportunities but also the salary progressions experienced by previous trainees. Annual salaries for customer engineers in CDC in 1980 ranged from \$12,000 to \$28,000, and those for computer operators from \$9,300 to \$14,400. The usual entering employee in these fields experienced a real increase in salary of at least a fifth over two years.

The first cohort of ACET trainees entered in March 1979. Of the 113 participants 90 completed--an incredibly low dropout rate compared to the overall Job Corps program. The rate of progress through training was faster than expected, and the needed internship period proved to be less than a year. The significance of the Corpsmember success rate is suggested by the fact that enrollments in regular Control Data Corporation training programs are predominantly persons with 2 years of college or more in the case of customer engineer training, or high achievers among high school graduates for computer operator training. Prior to ACET, the Control Data Institute trained almost no individuals with the disadvantaged background of the Corpsmember participants, and the chances for these individuals getting into such growing job areas in the absence of ACET would otherwise have been nonexistent.

Such advanced training in corporate facilities is expensive, with a comprehensive cost for the first cohort of trainees of almost \$20,000 for each completing computer operator and \$33,000 for a customer engineer. The subsidized internship accounted for half of the cost in the first case, and two-fifths in the latter. Since this was an experimental program involving start-up costs and uncertainties about the abilities of disadvantaged young people to complete training, the costs were high. Under the extension of ACET, per slot costs were reduced by about a fifth in real terms, including a shortening of the internship period, but the pricetag for customer engineer training remains more than four times the per participant cost of Job Corps and ten times the per participant cost of local classroom training. Is such an investment warranted?

Based on normal salary projections and the placement rates of the first ACET participants, the full cost would be recouped in state and federal taxes within six years and the training costs net of the internship in less than three years for computer operators and less than four for customer engineers. ^{35/} Completers in Job Corps who participated in 1977 (and did not enter the armed forces) averaged roughly \$5000 in annual earnings over the first two years out of the program, or a gain of approximately \$1250 over controls. ^{36/} The average annual earnings of ACET completers were roughly \$11,500. Net gains relative to controls could, thus, have been as much as \$7250 annually, which would cover the extra cost (as judged from a social benefit-cost perspective) in just three years. Moreover, because the training occupations were selected on the basis of career potential, the relative payoffs are likely to increase over the years. In other words, even these crude calculations suggest that the advanced training, despite its high pricetag, was cost-effective compared to regular Job Corps programming (which itself was cost-effective), at least for the minority of Corpsmembers who had greater potential.

Advanced training is also provided in union-affiliated programs operated mainly in conservation centers but also in some contract and special centers. In fiscal 1979, the union programs accounted for 12 percent of all training in Job Corps, including programs with the carpenters, bricklayers, plasterers and cement masons, painters, operating engineers, railway and airline clerks, autoworkers, and the Appalachian Council. These programs have higher entry standards, taking only those Corpsmembers who have performed in regular training, and in some cases requiring a GED or diploma as well as a minimum age. Only 40 percent of entrants complete union training (compared to over half of persons staying more than 90 days in regular center training programs) although half of the noncompleters are transferred into less demanding nonunion Job Corps training. But among graduates in 1979, two-thirds were placed in training related jobs and 15 percent in school or the military, with the unions handling these placements. This contrasts favorably with the Job Corps-reported 40 percent training-related placement rate for all completers. Moreover, the average wage of union-trained participants who were placed in 1979 was 70 percent above the average for all Job Corps-recorded placements. ^{37/}

Linking to the Employment and Training System

Because Job Corps is an expensive, comprehensive treatment in a residential setting, it is important from both a cost and effectiveness standpoint that enrollees really need this type of approach, will stay long enough to benefit, and cannot be as effectively served in alternative treatments. The legislation specifies that recruits must be living in an environment "so characterized by deprivation, a disrupted homelife, or other disrupting conditions as to substantially hinder prospects for successful participation in other programs providing needed training, education, or assistance." Job Corps must determine through a screening process that recruits "have the present capabilities and aspirations needed to complete and secure the full benefit of Job Corps and to be free of medical and behavioral problems so serious that the individual could not adjust to the standards of conduct, discipline, work and training which the Job Corps involves."

While roughly 5 percent of Job Corps enrollments nationwide are non-residential participants, and while some of the residential participants are drawn from nearby communities, most Job Corps enrollees are some distance from their homes. For many, this is the first mobility opportunity and this is unquestionably a positive experience on average--as witnessed by the changes in behavior and attitudes and increases in subsequent mobility. Nevertheless, it creates a disjuncture and a readjustment problem upon Job Corps termination. All participants are to receive placement services. Terminees must, in fact, check in with designated placement agencies in their home community or area of relocation in order to receive their readjustment allowances. But the low employment and earnings rates of Corpsmembers relative to controls in the first two post-program months document that the transition is difficult for some.

Ideally, then, Job Corps should be closely linked to local CETA activities. The prime sponsors presumably have a large pool of dropout youth from which they can choose those best served by Job Corps in light of knowledge about alternative treatments. Presumably also, the local operators would be best situated to arrange for placement and transitional assistance when the participants return from Job Corps. Unfortunately, such commonsense linkages have not been forged.

Job Corps is a nationally-operated program. Working primarily through the federal/state Employment Service plus nationwide groups such as Women in Community Service (WICs), and Joint Action for Community Service (JACs), Job Corps maintains a separate system for recruiting, screening and placement. While the Employment Service has offices everywhere in the nation, it is responsible for local employment and training activities in only a minority of areas. Moreover, Job Corps does not benefit from the use of existing capacity. Job Corps must pay for services at roughly \$250 per head for recruiting, screening, and subsequent placement! In Employment Service offices, there are separately funded personnel solely responsible for recruiting and placement; frequently they operate in relative isolation from other Employment Service activities.

Critics of Job Corps have focused on the recruiting and placement aspects of the program as its weak link. One charge is that many youth

enter Job Corps who could be better served in community treatments or do not need Job Corps treatment, so that the money is wasted. This is supported by the charge that the recruiters sometimes coerce or mislead candidates in order to fill quotas and receive payments.^{38/} There are several rather compelling counterarguments. First, the demographic profile of Job Corps recruits has changed hardly at all in the last 16 years, and it is self-evident that the overwhelming majority of enrollees face serious barriers to employment and need help. Indeed, the major change in recruiting and screening procedures in the last decade has been discontinuance of detailed screening on the basis of criminal records because it is no longer possible to gather this information in many states and localities. These records were used to screen out those not considered likely candidates. Second, the evidence does not support the notion that there are a profusion of options. The previously cited enrollment figures document that training opportunities for dropout youth in local CETA programs are meager. The experiences of the control group selected to assess the net impacts of Job Corps in 1977 suggest what would have occurred if Corpsmembers had remained in their communities. On average, over the two years of tracking, only 3 percent of the controls at any time were enrolled in CETA programs and less than 4 percent were enrolled in any work or training program. Less than 4 percent were in vocational and technical school or some alternative school, while 8 percent were, on average, reenrolled in high school.^{39/} Third, Job Corps recruits largely seek out this program rather than being pressured into application, i.e., they are self-selected not shanghied. Among 1977 recruits, 63 percent first heard about Job Corps from friends or relatives, 11 percent from advertisements or news articles, and 5 percent from schools. Only 17 percent first heard about the program from the Employment Service or a probation officer. Most then went to the Employment Service to get more information. They entered Job Corps primarily for job training, to get a job, or because they could not find work (71 percent noted these as the primary reasons), or else to get a GED or education (50 percent). Only 5 percent reported enrollment in order to stay out of trouble or because of a court decision, while 29 percent cited reasons such as self-improvement, getting away from home, nothing better to do, or the attraction of the allowance. Significantly, nine of ten enrollees subsequently rated the characteristics of Job Corps training and education about the same as or above expectations; and eight of ten gave the same rating to recreational and social characteristics of the program. The only aspects where the program proved less than expected were the food (hardly a surprising complaint, whether among Corpsmembers or college students) and the allowance.^{40/} The latter should not have occurred, since allowance policies are quite specific. Therefore, Job Corps prepared a simple brochure explaining all aspects of Job Corps including pay and allowances, rights, responsibility, and chances of securing training of choice. This must now be provided to every recruit, and presented orally to those who cannot read. The recruit must then indicate in writing that he or she understands all the information. Books are also provided to recruiters showing pictures of centers and detailing the training possibilities. In other words, it is unlikely that there is much false advertising in recruiting, if there ever was.

This does not alter the fact, however, that there are youth in the eligible population, and certainly many who apply to local CETA programs, who have more need for Job Corps treatment than some of those who enter.

If Job Corps recruited from a unified local system, and particularly from prime sponsors who, rather than the Employment Service, usually allocate local employment and training opportunities, Job Corps opportunities might be distributed more equitably and efficiently. Certainly Job Corps should not be paying for recruiting and screening to the Employment Service when CETA and the Employment Service have their hands on and are not now adequately serving large numbers of disadvantaged youth.

The charges against Job Corps placement efforts are much more on target, although the object of criticism is usually the reporting system rather than the placement activities per se. The Job Corps system is, indeed, misleading (although steps have been taken to improve it). In fiscal 1978, for instance, there were 44,900 terminations. Placement status was recorded for only 32,300, of whom 2300 were ill, incarcerated, or females with full-time family responsibilities and therefore considered "not available for placement." Of the remaining 30,000, 93 percent were reported as "placed" including 20,500 who entered employment, 6000 in education and training programs, and 1,400 who entered the armed forces. ^{41/} A Job Corps placement is, therefore, more like a positive termination than a placement in the CETA management information system. In CETA, the individuals not followed-up at termination are counted as not placed and as nonpositive terminations so that they reduce the positive termination rate, whereas in Job Corps they are subtracted from the denominator which increases the reported rate. Only recently have time limits been placed on how long after termination the labor market status must be reported. The placement records for fiscal 1978 would suggest a 66 percent employment rate at the point in time the placement status was noted. In contrast, the follow-up data on 1977 Job Corps participants found that the employment rate of those not in the military averaged 41 percent during the first year after termination. ^{42/}

Yet the real issue is not just whether placement claims are misleading, but whether placement services are offered and whether they are effective. In the first-year follow-up of 1977 Corpsmembers, three of five reported that they had not had any placement contact with Job Corps personnel or any agency referred to them by Job Corps, including JACS and WICS or the Employment Service. Three-fourths of Corpsmembers claimed they could have used additional help in finding a job. Among those with a placement contact, only 43 percent reported a successful placement as a result, representing less than one in five terminees. Considering that the Employment Service was paid on a per capita basis for placement services and its contracts covered the preponderance of terminees, it is shocking that only one in ten Corpsmembers reported that they got a job through the Employment Service. ^{43/}

Where advanced career training is provided, or where the Job Corps center is serving youth from nearby areas, it would be appropriate for the training agent or center operator to be responsible for placement. However, in most cases the responsibility should be with the local employment and training system from which the participant was referred or to which he or she is returning. Only if the system has responsibility for recruitment can it also be expected to have responsibility for placement. This will only occur if it gets credit in the CETA MIS for recruitment and placement, and probably only if quotas are set. Unless the prime sponsor

understands and tracks the Job Corps treatment, it will be unable to make an appropriate placement. In other words, the nationally-administered Job Corps needs to be integrated on the recruiting and placement ends, with local CETA programs. Any nationally-directed training activity will have to pay attention to such linkages so that there are not a crazy-quilt of institutions competing for recruits and subsequent placements in each labor market.

Is Longer Training Feasible?

Job Corps has disproportionately greater impacts on long stayers and completers. All studies of Job Corps over the years have reached this same conclusion. There have been efforts, therefore, to increase the duration of stay. Since the Job Corps serves a volatile population which is the least likely to make and follow-through on long-term commitments, the experience in this regard has implications for local training.

It appears that the duration of stay is policy manipulable. The average stay has improved steadily since the early days of Job Corps--from a mean of 4.3 months averaged in 1966 and 1967 to 4.8 months in fiscal 1975, and 6.0 months in fiscal 1980. The latter figure is rather remarkable. The Job Corps was in the midst of a doubling of center capacity in 1980. In the past, high turnover rates had been experienced whenever new centers were opened. The improvement in fiscal 1980 was achieved even though new center enrollment represented a third of on-board strength.

There are four principal ways in which the recent and longer-term improvement was accomplished. First, a conscious effort was exerted to reduce the transshipment of youth and to keep them as close to home as possible. Leave policies were also changed to permit more frequent visits. This probably accounted for improvements in duration of stay in the late 1960s, although the closing of a number of centers in the early 1970s increased the average distance from home and, therefore, was a negative or certainly not positive, factor in the 1970s. The new centers established in 1979 and 1980 were consciously planned to achieve a better geographic distribution, so that this may have been a positive, albeit modest factor in the 1980 improvement.

Second, a performance system was implemented in 1976 to judge both center operators and regional Department of Labor Job Corps personnel according to the weekly termination, capacity utilization and completion rates averaged in centers (in addition to the placement rates). This unquestionably had an affect on the 1977-1980 improvements.

Third, Job Corps allowances are structured to reward enrollees who remain and perform well in the program. At the beginning of fiscal 1980 the incentives were increased as allowances in Job Corps were doubled. Enrollees in centers 0-60 days are paid \$40 monthly, with automatic increases to \$60 per month for 61-180 days in center and to \$80 monthly after 180 days. There are rules for denying the automatic increase for bad behavior, and there are rewards of up to an extra \$20 monthly for exemplary performance (with restrictions on the percentage of total center enrollees who can be rewarded). When enrollees leave the center and return home,

they are provided readjustment allowances of \$75 for each month of participation if they have remained less than six months, but \$100 for each month beyond this. If they have stayed more than 271 days, they receive the \$100 for all months of participation. 44/ There is no doubt that these incentives have had some effect on length of stay. This was particularly a factor when pay and allowances were increased in September 1979. In the prior year, the weekly termination rate in Job Corps averaged 3.7 percent. In the year after, it averaged only 3.5 percent despite predicted increases as a result of the opening of new centers. 45/

Fourth, the expansion of advanced career training offerings in Job Corps increased the length of stay both because these are open only to Corpsmembers who have stayed more than 90 days and performed well in the core center programs, and because they have a scheduled longer duration with clear job and earnings payoffs at the end of the line. An example, in 1977 a program was introduced to place a yearly average of between 1250 and 1500 Job Corps youth in individualized career-oriented program in colleges and post-secondary vocational schools where they would receive full Job Corps support, services and allowances. To be eligible, youth had to be in Job Corps for 90 days and had to have secured a GED or high school diploma. Three-fifths of Corpsmembers in the centers from which the first-year enrollees were selected indicated that they would stay longer in order to take advantage of the college option, and, in fact, completion rates in GED programs rose noticeable in these "feeder" centers. Corpsmembers who were selected for this program achieved the same grade and retention levels as other entering students in the institutions to which they were assigned. Over two-thirds returned the next year. Thus, the retention rate past the 90-day point was substantially greater for those ACT participants than for regular center enrollees. 46/ Because all the advanced programs together account for only a sixth of Job Corps enrollments, the extra length of stay of participants has a diluted effect on overall duration of stay but there is no doubt that expansion of these offerings has been a positive factor in the last several years. The lesson is that when meaningful "quantum leap" programs are provided, at least a minority of even the most disadvantaged youth are willing and able to complete long-term training when they can clearly see the benefits.

NOTES

1. The PSE trainee count includes participants in occupational skills and other classroom training as a primary component under IID, plus participants in PSE training/services as reported on the Program Status and Financial Summary for each prime sponsor. Total expenditures for training include the allowances and training categories of the activity summaries.
2. These equations are simple linear regressions using the 1979 unemployment rate which served as a basis for 1980 allocations and planning and the actual youth share achieved during the year. Equations with just two or three independent variables and fewer than 484 observations in most cases because of limited data availability, would not have a strong predictive power, i.e., more independent variables are usually associated with a higher r^2 and might or might not be associated with larger coefficients for the independent variables. The magnitude of the relationships between each independent variable and the dependent variables are interpreted by specifying the percent of a standard deviation in the dependent variable which will be associated with a standard deviation change in each independent variable.
3. Westat, Inc. Postprogram Experiences and Pre/Post Comparisons for Terminees Who Entered CETA During Fiscal Year 1976 (July 1975-June 1976) (Washington, D.C.: Employment and Training Administration, Office of Policy, Evaluation and Research, March 1979), Table 51.
4. James F. Gilsinian and E. Allan Tomey, A Comparison of Public and Private Sector Worksites--An Interim Report (Washington, D.C.: Government Printing Office, May 1980).
5. Employment and Training Administration, Management Information System Fiscal 1980 Summary Reports for Prime Sponsors, unpublished tabulations. Statistics apply to 463 prime sponsors for which dependable data were reported.
6. Westat, Inc. Postprogram Experiences and Pre/Post Comparisons for Terminees Who Entered CETA During Fiscal Year 1976 (July 1975-June 1976) op. cit., Table 14.

Placement rates by duration of stay were based on unpublished tabulations for 1977 enrollees provided by Westat, Inc.

7. CETA Supplemental MIS Tables by Initial Program Assignment, New Enrollees During October 1979-September 1980 (Employment and Training Administration, Office of Policy, Evaluation and Research, 1981).
8. Westat, Inc. Impact on 1978 Earnings of New FY 1976 CETA Enrollees in Selected Program Activities (Washington, D.C.: Employment and Training Administration, Office of Policy, Evaluation and Research, February 1981).

9. Ibid.
10. CETA Supplemental MIS Tables by Initial Program Assignment, New Enrollees During October 1979-September 1980 op. cit.
11. Westat, Inc. Impact on 1977 Earnings of New FY 1976 CETA Enrollees in Selected Program Activities (Washington, D.C.: Employment and Training Administration, Office of Policy, Evaluation and Research, December 1980), Table G-1.
12. Westat, Inc. Impact on 1978 Earnings of New FY 1976 CETA Enrollees in Selected Program Activities op. cit.
13. Westat, Inc. Postprogram Experiences and Pre/Post Comparisons for Terminees Who Entered CETA During Fiscal Year 1976 (July 1975-June 1976) op. cit., Table 15. Calculated as weighted average of earnings groups.
14. Forms Preparation Handbook For Prime Sponsors Under the Comprehensive Employment and Training Act Amendments of 1978 (Washington, D.C.: Employment and Training Administration, May 1980).
15. Expenditure breakdowns for each program component are not reported on the FSR and must be derived using a variety of assumptions. The estimates for classroom training were prepared by Richard Wagner of the Employment and Training Administration's Office of Community Employment Programs. Since the 1978 CETA amendments, administrative costs for the various subparts have been pooled and there is an end-of-year allocation of administrative expenditures. Administration reported on the FSR now includes only subgrant administrative costs.
16. Barbara Dunn and Robert Taggart, An Anatomy of School-to-Work Transition Projects (Washington, D.C.: National Council on Employment Policy, September 1980).
17. Joseph Ball et. al. The Participation of Private Businesses as Work Sponsors in the Youth Entitlement Demonstration (New York, New York: Manpower Demonstration Research Corporation, March 1981), pp. xi-xviii.
18. Westat, Inc. Characteristics of Enrollees Under Age 22 Who Entered CETA Programs During Fiscal Year 1979 (October 1978 Through September 1979) (Washington, D.C.: Employment and Training Administration, Office of Policy, Evaluation and Research, July 1981), Table 53; and James F. Gilsinian and E. Allan Tomey, A Comparison of Public and Private Sector Worksites, op. cit.
19. Employment and Training Administration, Management Information System Summary Reports, Fiscal 1979 and Fiscal 1980, unpublished.
20. Employment and Training Administration, Management Information System Summary Reports, Fiscal 1977-1980, unpublished. Numerator includes training activity expenditure only, whereas services and training plus allowances are counted relative to the legislative requirement.

21. Employment and Training Administration, Management Information System, Fiscal 1980 Prime Sponsor Reports, unpublished.

Prime sponsor expenditures includes those for PSE training/ services and for classroom training and OJT.

22. Employment and Training Administration, Management Information System Fiscal 1979 Summary Reports.

The STIP program was phased up in 1978 and phased down in 1980, so that the 1979 operations yield the best picture of stable-state performance, although understating the results for long-term trainees as well as early dropouts.

23. Westat, Inc. Continuous Longitudinal Manpower Survey, Fiscal 1977 New Enrollees, unpublished tabulations.

Individuals with no termination status recorded are counted as not placed.

24. Sar Levitan and Richard Belous, "Bridges to the Private Sector: Remedial Employment and Training Programs" (Washington, D.C.: National Council on Employment Policy, June 1981).

25. Employment and Training Administration, Management Information System Fiscal 1980 Summary Reports, unpublished.

26. Job Corps in Brief, Fiscal 1980 (Washington, D.C.: Employment and Training Administration, Office of Job Corps and Young Adult Conservation Corps, 1981); and CETA Supplemental MIS Tables by Initial Program Assignment, New Enrollees During October 1979-September 1980 op. cit.

27. Employment and Training Administration, Office of Job Corps and Young Adult Conservation Corps, unpublished recruitment data.

28. Charles Mallar et. al. The Lasting Impacts of Job Corps Participation (Washington, D.C. Government Printing Office, May 1980), p. 64.

29. Team Associates, Educational Improvement Effort Phase I Final Report (Washington, D.C.: Employment and Training Administration, Office of Job Corps and Young Adult Conservation Corps, August 1981).

30. Employment and Training Administration, Office of Job Corps and Young Adult Conservation Corps, unpublished data for all Job Corps centers.

31. Job Corps in Brief, Fiscal 1980 op. cit.

32. Charles Mallar et. al. The Lasting Impacts of Job Corps Participation op. cit., p. 193.

Under the Job Corps Financial Reporting System, contractor fees as well as overhead are included as "other" operating expenses.

33. Charles Mallar et. al. "Evaluation of the Economic Impact of the Job Corps Program: First Follow-up Report," in Assessments of Job Corps Participation and Impacts, Volume I (Washington, D.C.: Government Printing Office, May 1980).
34. Ibid.
35. "Job Corps Youths Do Well In Computer Job Training Program," Employment and Training Reporter, January 30, 1980, pp. 577-579; and Unpublished information on ACET provided by Control Data Corporation.
36. Charles Mallar, et. al. The Lasting Impacts of Job Corps Participation op. cit., p. 168.
37. Job Corps in Brief, Fiscal 1979 op. cit.
38. Job Corps Should Strengthen Eligibility Requirements and Fully Disclose Performance (Washington, D.C.: General Accounting Office, July 1979).
39. Charles Mallar, et al. The Lasting Impacts of Job Corps Participation op. cit., p. 45.
40. Stuart Kerachsky et. al. "An Examination of Job Corps Participation," in Assessments of Job Corps Performance and Impacts op. cit., pp. 382-406.
41. Job Corps in Brief, Fiscal 1978 (Washington, D.C.: Employment and Training Administration, Office of Job Corps and Young Adult Conservation Corps, 1979).
42. Charles Mallar et. al. The Lasting Impacts of Job Corps Participation op. cit., p. 48.
43. Charles Mallar et. al. "Evaluation of the Economic Impact of the Job Corps Program: First Follow-up Report," op. cit., pp. 307-314.
44. "New Policy Concerning Job Corps Pay and Allowances," in Assessments of Job Corps Performance and Improvements, Volume II op. cit., pp. 347-370.
45. Employment and Training Administration, Office of Job Corps and Young Adult Conservation Corps, Monthly Reporting System data.
46. Josie Gomez and Robert Taggart, "A Preliminary Analysis of the Job Corps Advanced Career Training Program in Colleges and Post-Secondary Vocational Institutions," in Assessments of Job Corps Performance and Impacts, op. cit., pp. 47-108. The second year matriculation rates of first year ACT enrollees were provided by Office of Job Corps.

CHAPTER 5
VISIONS AND REVISIONS

SECTION 1. THE END OF AN ERA

During two decades of extraordinary growth, employment and training activities targeted for those at the end of the labor queue enjoyed broad consensus and support. Prior to 1979, the upward climb in real expenditures was interrupted by only three years of modest retrenchment. There was sporadic debate about countercyclical vs. structural goals, emphasis shifted between different intervention strategies and target groups, federal and local responsibilities were periodically realigned, but the underlying programmatic elements, in their design and delivery, remained relatively consistent.

A manpower program savant of the late 1960s returning to the delivery level after a decade's absence would have noticed the increased scale of activities, a greater diversity of delivery agents, better institutional relations and less friction, as well as more women and college graduates delivering services and making decisions. Probably the biggest shock would have been the legions of monitors and the mountains of paper. Yet underneath these trappings, the services offered would have been recognizable--in quite a few cases, provided by the same local delivery agents in the same settings and sometimes by the same people whose thinking had changed little over the years. Classroom training remained a short-term intervention preparing for entry-level jobs, operating for the most part without standardized curricula, competency standards, or qualitative input requirements, and providing few opportunities for the acquisition of skills or credentials that could be expected to improve lifetime prospects. Income maintenance continued as major element, attracting some to training who only wanted the money, fostering retention even when participants performed poorly. Local training was, as in the past, focused on local opportunities, so that the areas with disproportionate funding based on need were burdened by attempts to prepare participants for and to place them in scarce local jobs. OJT was, as always, a preferred approach most difficult to market other than to employers at the lowest levels in the primary economy, and sometimes those simply wanting cheap labor. The observer would not have been surprised by the "creaming" in OJT, and the reluctance of delivery agents to risk the precious few slots on the "hardest of the hard core." Neither would he have been shocked by the ignorance of the delivery agent about what was really occurring at OJT training sites. A trip to the typical Job Corps center would have evoked a sense of déjà vu, particularly if the center were one of the many which had continued in operation since the early days. Job Corps was a good design from conception and it kept the faith, improving efficiency by trimming some excesses, weathering occasional political and publicity storms, but gradually gaining acceptance as one of the Great Society programs that worked.

Returning from the delivery level to the ivory tower, the manpower savant might have been overwhelmed by the volume of the literature and the sophistication of econometric techniques, and somewhat bemused by the investment of so much to learn so little new, but the findings themselves offered no surprises. Recent evidence has confirmed the conclusions from past studies that training efforts are worthwhile--increasing earnings of

those who participate and paying off modestly as a social investment. Yet this payoff is achieved without dramatically improving the status of very many participants, without noticeably affecting the functioning of the economy, and despite some obvious and persistent shortcomings.

What has changed over the last two decades is the consensus that supported expansion and the faith that new initiatives or better management would necessarily improve performance. At the end of the 1970s, there was, for the first time, a substantial reversal of the long-term growth trend. While public criticism focused on employment components, doubts were raised about the entire system, and, indeed, the entire mission. For the first time, a significant body of opinion questioned whether we could live without such activities, rather than proposing modifications or alternatives.

If our modern day Rip Van Winkle returns a decade hence, what will he find? Given the current mood of social welfare retrenchment, there may be little left to justify a return visit. More likely, considering the inertia of politics and institutions, business will continue as usual, albeit on a reduced scale, as the employment and training system, like welfare, proves too beneficial to completely eliminate but too entrenched or costly to reform. It is also possible, and certainly to be hoped, that today's challenges will prove constructive rather than destructive, and that rational analysis and reasoned debate will lead to the emergence of a new system, building on the lessons of the past and its institutional foundations, but designed to meet some very different needs that can be anticipated in the years ahead.

The decisions in the immediate future will largely determine which of these scenarios prevails, since the Comprehensive Employment and Training Act is subject to reauthorization in 1982, coincident with the reauthorization of vocational education. Defenders of the present system who argue for finetuning, critics who seek to wipe the slate clean and leave it that way, as well as visionaries with commitment to building a new system, can all agree on the need for a careful and objective assessment of present performance, reexamination and resolution of underlying issues which have largely been unquestioned since the beginning of employment and training programs, as well as discussion of the long-term goals.

The reams of facts and figures synthesized in the preceding analysis and summarized here serve as one component of such a comprehensive review. The following interpretations of the evidence, discussions of the issues, proposals for the long-term, and recommendations for next steps are based on this evidence. Other interpretations, normative judgments, immediate policy prescriptions and future visions are possible, indeed probable, using the same information. Nevertheless, the facts and figures should not be ignored in decisionmaking. Some gainsayers claim we know too little to reach reasoned judgments--that there is no proof about what works and why, or even whether anything works. Such claims have dubious merit. Few social welfare activities have been scrutinized as thoroughly as employment and training programs, and few can provide equally compelling documentation of their positive impacts. The reliability of the evidence varies, but most findings can be confirmed from several different sources. The problem is not the availability, but the profusion of information, and the challenge is to make sense of it all.

SECTION 2.
TRAINING AND ITS IMPACTS--
A SUMMARY AND INTERPRETATION OF FINDINGS

Recipes for the "Leftovers"

There were five and a half million individuals in the labor force 50 weeks or more in 1980 whose employment and earnings problems were so serious that their wages and salaries, even when combined with earnings of other workers in their families, were below the poverty level. There were fifteen million who did not earn the equivalent of the minimum wage for the hours and weeks each was willing and able to work. Economic growth and tight labor markets have modest effects on the structural problems of these low earners, totally and intermittently unemployed, involuntarily part-time and discouraged workers. There will be, under any foreseeable economic scenario, millions of "leftovers" who lack education, skills, experience, equal opportunity, or good fortune.

There are several options for dealing with these "leftovers." They can be neglected, either benignly or malignantly, and left to continue struggling in the labor market with inadequate help from income maintenance programs. Alternatively, the "safety net" of transfer programs can be improved to reduce the hardship resulting from their employment problems. Financial incentives and appeals to corporate conscience may be used to encourage employers to reach further down the labor queue. Job placement, mandated job search, worker relocation, and economic development strategies can try to better match these workers with available employment. Subsidized jobs might be created for them. Finally, training may be provided in order to improve their ability to compete in the labor market.

Since the Great Society, and particularly under the Carter administration, the job creation and training options have received priority. Employment and training activities were the premier growth area of social welfare policy in the last two decades. Beginning near zero at the start of the 1960s, real expenditures rose to the billion dollar level in fiscal 1965; they doubled again within the next year; redoubled by 1972; and then tripled between 1972 and 1978, before dropping precipitously at the close of the decade. The training components experienced steadier growth to \$650 million in 1968 and to \$1.9 billion in 1980.

The relative prominence and mix of training activities have fluctuated over the years. The training share of employment and training expenditures was predominant until the War on Poverty; training declined to 63 percent of total expenditures in 1969 and to only 15 percent of expenditures in 1978. Despite rapid growth and a two billion dollar pricetag, remedial efforts for the "leftovers" in the labor market represent only a small share of our nation's total education and training activities and reach only a small portion of the universe of need. Public expenditures for higher education and vocational education in 1980 were twenty-five times those targeted to persons at the end of the labor queue. In 1980, new participants in targeted training represented only 1 percent of the labor force, and the average monthly enrollment in training programs represented less than one-twentieth of average unemployment.

Training Activities

The Comprehensive Employment and Training Act is the legislative umbrella for most of the activities targeted for the "leftovers." Under a complex array of separate categorical authorizations, it provides funds by formula to states and localities for local programs they design and manage within the framework of federal law, regulations and oversight. CETA also funds national programs for special needs groups, as well as the Job Corps, a nationally-operated residential training program for severely disadvantaged youths.

There are four categories of training provided under CETA: (1) local classroom training is a full-time activity, which includes both occupational instruction and other training and remediation provided in an institutional setting; (2) on-the-job training is a full-time activity, where a participant is hired by an employer and trained primarily at the work-site, with public funds covering the extra costs of supervision and training; (3) supplemental training is a part-time or short-term activity enhancing subsidized work experience or a limited intensity service to help in the transition into the labor force; and (4) Job Corps is a structured program of vocational instruction, basic education, work experience, counseling, health care, and living experiences in a residential center.

Job Corps is the most comprehensive and intensive, as well as most targeted of the training approaches. It serves only the most disadvantaged among those in need--young school dropouts from poor families. Its costs were over \$13,000 a training year in fiscal 1980. Local classroom training, which is nonresidential and deals with a somewhat more employable group, had a cost of \$8,000 per year. On-the-job training serves the most employable of those in need and had a cost of \$6,000. Supplemental training for participants in subsidized public service employment (PSE) cost \$2,700 per training year, while transition services in-school youth averaged \$800 per service year.

Most CETA training is typically short-term, aimed to prepare the participant for entry level occupations or to provide basic educational credentials or English competency. Job Corps is ambitious, with an average duration of stay for completers of 1.1 years. However, there is a high early dropout rate with 40 percent of participants leaving before 90 days and another 30 percent leaving before full completion, so that the average duration of stay is 6.0 months. Local classroom training averages 5.5 months for completers, but because of early dropouts, the average duration of stay is around 5.1 months. On-the-job training averages 4.3 months.

Job Corps vocational training is concentrated in the construction trades, automotive and machine repair, health and food services, and clerical occupations. Local classroom training is predominantly in the clerical, craft, and service fields. Local on-the-job training is mainly in the clerical, operative and nonconstruction craft occupations. Most training assignments are sex stereotyped, with women assigned primarily to clerical and health services training, while males are assigned primarily to training in the crafts and in welding.

All Job Corps participants receive basic education or GED preparation along with vocational training and a comprehensive array of manpower and supportive services. A fifth of local classroom trainees are exclusively in education activities and another fifth are in a combination of vocational and educational activities. There is very little remediation associated with OJT, since the training mostly occurs at the worksite and the trainees are the least disadvantaged of CETA participants.

Because job creation has received priority over training under CETA, classroom training opportunities were available for less than a fifth of new enrollees in local programs in fiscal 1980, or three in ten excluding the summer program, while OJT was available for less than one in twenty, or still less than one in ten excluding the summer program. Enrollments in Job Corps accounted for only 5 percent of youth enrollments in CETA local programs.

Females, Hispanics and "other" minorities, dropouts, single parents and CETA participants with inadequate English-speaking ability, have above average chances of assignment to classroom training. In marked contrast, on-the-job training slots are reserved for the most employable among the CETA participants--whites, males, graduates, and parents in two-parent families. Job Corps is the "program of last resort" for poor youth age 16 to 21 who have dropped out of school (85 percent of enrollees), been rejected by the military (one of every four) or had trouble with the law (two of every five). The dropouts who entered Job Corps in 1980 represented one-third of all dropout youth served by CETA and half again the total of dropout youth in local training.

Earnings Impacts

Classroom training in MDTA and other pre-CETA programs increased the earnings of participants between \$250 and \$300 in the year after termination. OJT under JOBS and MDTA increased annual earnings \$400 to \$900. Job Corps and adult basic education increased earnings, but less substantially, according to past studies. The recent evidence suggests impacts of the same order of magnitude.

CETA classroom training for 1976 entrants increased earnings \$350 in the year after leaving, a 10 percent increment above the earnings of a comparison group of nonparticipants. Moreover, the gains rose to nearly \$450 in the next year. On-the-job trainees gained \$850, an 18 percent increase. However, the gains eroded to less than \$600 the second post-program year. In contrast, fiscal 1976 work experience participants had earnings in the two post-termination years that were below those of like nonparticipants, although public service employment participants gained \$250 in the first year and \$350 in the second.

Job Corps increased the civilian earnings of 1977 participants by \$200 above those of the comparison group in the first post-program year and nearly \$500 in the second year, or 8 percent and 13 percent, respectively. Job Corps also increased military enlistment substantially, so that the total earnings impacts were even greater.

All race, sex and age groups among 1976 participants benefitted significantly from on-the-job training when compared to like nonparticipants. Persons with low or no earnings before entry, particularly labor force reentrants and middle-aged participants, did especially well in classroom training. Females accounted for half of participants but four-fifths of the aggregated post-program gains of classroom trainees. The impacts increased between the first and second post-program years for most subgroups of trainees, but particularly for females. All groups gained more from OJT than work experience, and all except minority females gained more from classroom training than work experience. Female Job Corps participants gained more than males in terms of earnings, although males gained slightly more in terms of hours of employment. Females without children did better than females with children.

The public investment in training for persons of limited employability is profitable, as equivocally as this must be judged by benefit-cost analysis. Under reasonable and purposefully conservative assumptions about the fade-out of earnings gains measured in the two post-program years, about the dollar value of nonearnings impacts, and about the appropriate discount rate, Job Corps provides social benefits with a current value of \$1.45 for every \$1.00 invested. Utilizing the same assumptions and the estimated post-program earnings gains for 1976 local classroom trainees, CETA training returns \$1.38 in benefits for every \$1.00 invested. The estimates for OJT are less precise because of uncertainty concerning the real training cost incurred by employers, the productivity of trainees relative to regular hires, and hence, the degree of windfall in the employer reimbursement. But the range is from a low of \$1.21 to a high of \$8.48 in benefits for every dollar invested, with a "best" estimate of \$2.55. Thus, on-the-job training pays off most, where Job Corps ranks next, and local classroom training follows closely. The benchmark benefit-cost assumptions probably overstate the relative payoff of OJT and understate the relative payoff of classroom training. Job Corps has noticeable earnings impacts but the "socialization" effects are equally significant. The reduction in crime is so substantial during participation and in the year after, while the costs of crime and its treatment are so great, that the present value of the crime cost savings is about equal to the present value of the earnings gains per participant from local classroom training. Even though the increase in post-program earnings per dollar of investment is greater for classroom training than for Job Corps, the total payoff is slightly less because there are minimal effects on crime and modest effects on dependency.

The public beneficiaries of training include participants as well as the taxpayers who support it. Social benefit-cost calculations exclude transfer payments from costs and count as benefits all increased earnings. From the taxpayer perspective, transfers are included among costs and the benefits are not the post-program earnings gains, but rather the taxes they generate as well as the resulting reductions in dependency. Taxpayer benefit-cost ratios are, therefore, lower than social benefit-cost ratios, and though the latter are a more appropriate consideration from a social policy perspective, the former will more likely concern the voters in a period when taxes are a major concern. Job Corps has the highest taxpayer benefit-cost ratio because the crime reductions are a savings to taxpayers; there is a return compared to alternative uses of the same resources of

\$.96 for every \$1.00 invested according to the most reasonable, albeit conservative, assumptions. The intermediate estimate for OJT is a return between \$.0 and \$1.06 for every \$1.00 invested. Local classroom training returns \$.73 for every dollar. Such recondite analysis hardly figures in the political equation, but it certainly justifies the solid political support for Job Corps and the preference for more OJT in the local activity mix.

Benefit-cost analyses of pre-CETA institutional and on-the-job training programs generally found that benefits exceeded costs. Estimates for Job Corps varied considerably, with several suggesting benefits less than costs. Using standardized assumptions which focus only on earnings effects, the benefit-cost ratios calculated from recent impact estimates for Job Corps and CETA classroom training are in the high range relative to past estimates, while the ratios calculated from recent OJT impact estimates are in the mid-range relative to past estimates.

The Anatomy of Impacts

Increased employment rather than increased earnings rates account for most (though certainly not all) of the real earnings gains achieved through training. For fiscal 1975 classroom trainees, over four-fifths of the increase in real annual earnings from the year prior to entry to the first year after termination resulted from a rise in the percent time employed. Comparing the pre-entry to the second post-termination years, increased employment accounted for three-fourths of the real gain. Approximately half of classroom trainees with employment before and after participation had no improvement in real hourly pay from the year before entry to the second post-termination year. For fiscal 1975 on-the-job trainees, increased employment accounted for all of the real earnings improvement in the first year and four-fifths of the gain between the pre-entry and second post-termination years. However, two-thirds of the trainees with previous earnings kept ahead of inflation in their hourly wages. Fiscal 1977 Job Corps participants earned 11 percent more than controls in the first two post-program years but worked 16 percent more hours; in other words, all their gains came from increased work time.

The employment gains, in turn, resulted from increased labor force participation as much as reduced unemployment. Among fiscal 1975 classroom trainees, the increase in the percentage of time in the labor force from the pre-entry to first post-program year equaled two-thirds of the increase in percent time employed for all trainees. Three-fifths of the net increase in time employed from the pre-entry to second post-program year for classroom trainees was accounted for by individuals who had zero earnings in the year before entering CETA. For OJT participants, two-thirds of the employment gains in the first year were also explained by increased participation, and zero earners before entry accounted for 45 percent of the net increase in percent time employed from the pre-entry to second post-termination year. Increased labor force participation by 1977 Job Corps participants accounted for two-thirds of their gains in employment relative to controls over the two post-program years.

Success Ingredients

Training tends to move individuals from the secondary labor market and irregular jobs into low level but more regular jobs. Among 1976 classroom trainees with previous experience, a fifth had worked primarily as garage attendants, transportation operatives, laborers, farm workers or private household workers. Only a tenth of trainees with work after termination held such jobs. The share working as craftsmen and welders increased from 11 to 17 percent, while clericals rose from 20 to 27 percent.

Among on-the-job trainees, over a third were placed in the same broad occupational categories in which they had previously worked, while over a fifth were assigned to training positions at a lower occupational level. Comparing the occupational distribution before and after training, the proportion working as laborers, transportation operatives, garage workers, farm laborers and private household workers actually rose from 13 percent to 15 percent.

A third of Job Corps entrants have had no regular work experience and the remainder have largely worked in menial "youth" jobs. Job Corps training helps them secure entry level "adult" jobs although only one in seven participants ends up as a completer with training-related employment. Post-program employment is concentrated in manual, entry clerical and entry health jobs secured by the participants mainly through their own initiative.

Little is known about the "best bets" for training. Most female classroom trainees are in clerical and service occupations (usually health). While 17 percent of all 1976 classroom trainees with a job before entry worked in female clerical occupations, 35 percent of trainees were in female clerical occupations and 25 percent of trainees with a job after training remained in these occupations. Three-fifths of participants trained in clerical work who subsequently got jobs ended up in training-related work, as did two-thirds of those trained in service jobs. The rates of training-related employment were much lower for trainees in other occupations. Nonconstruction crafts were standard training fare for males, but the batting average of this training was low in terms of subsequent training-related employment. While OJT participants were more likely to find employment in the occupation of assignment, those "trained" as service workers, laborers, garage workers, farm workers and transportation operatives were less likely than other on-the-job trainees to stay in the same occupation, probably because they were able to find something better on their own. Job Corps training that looks good in the short-run does not look as beneficial over the long-term. Based on experience of 1977 participants, the best bets for completion, placement and higher wages were manual occupations--forestry, gardening, construction and industrial production--for males and forestry, gardening, construction and health for females. Over the longer run (12-18 months post-termination), however, persons trained in these occupations were less likely to register gains relative to controls than those trained in some other occupations including transportation and service for males and the clerical field for females.

The impact of training is determined by the duration of stay. The estimated annual earnings gains of 1976 classroom trainees staying one to

20 weeks were only one-sixth those of participants staying 40 or more weeks. Job Corps males who stayed less than 90 days, and those who did not continue to completion, were earning the same as controls during the period 12 to 18 months after termination; in contrast, those completing a vocational program earned \$1,250 more on an annualized basis. Early female dropouts gained \$300 on an annualized basis, partial completers \$750, and full completers \$1,500.

Placement is a second key factor. All of the post-program earnings gains for 1976 classroom trainees were accounted for by the group entering employment on terminating the program. While it is not surprising that those immediately employed had higher near-term earnings relative to controls or relative to other participants not placed, it is significant that the differentials remained substantial two years later.

Trainees staying longer are more likely to be placed. The more employable participants tend to stay longer and are more likely to complete. Such in-program sorting is greater in Job Corps--where only three of ten participants are full completers--than in local classroom training where three in four complete the usually shorter duration assignments. Yet for both Job Corps and local classroom training, the effects of duration of stay and placement remain significant after adjustment for the measurable differences between dropouts and completers. Moreover, the dropouts and short-stayers earn much the same as their controls over the long-run, so that sorting of the "winners" and "losers" is not an explanation of the substantial gains of those who stay. Completion itself appears to be a substantial factor. Those completing local classroom training have a high probability of being placed whatever their duration of stay. Those who complete Job Corps training gain substantially more and are more likely to be placed than participants who stay as long but do not complete. Corpsmembers who secure a GED earn more than matched individuals who do not. Finally, the effect of duration of stay is strong even when placement is used as an additional control variable in regression equations predicting earnings gains. All this supports the conclusion that training increases human resource endowments and employability, and that those trained longer are more likely to obtain certification which in turn improves their chances of finding employment or being placed upon termination, but also their chances of staying and progressing in the initial jobs or being able to move on to better ones.

Remedial instruction, basic life skills training and attitudinal or motivational improvement activities are important components of training. Certainly they are a major factor behind the Job Corps' success. Participants who stay over 90 days gain significantly in maturity and social attitudes. Job Corps treatment reduces crime (arrest rates the first year out were 10.9 per hundred for 1977 participants, compared to 16.7 per hundred for controls), reduces childbearing and illegitimacy, increases mobility, and increases matriculation in college and post-second training. However, Job Corps achieves these changes by creating a 24-hour-a-day structured environment away from other influences. The supported work program that provided well-organized and well-run full-time employment opportunities for dropout youth, but did not remove them from home environments and did not include counseling, recreation, motivation, student government and the like, did not produce positive changes in criminal

behavior or drug abuse, nor did it significantly increase post-program employment constancy.

School-based programs aiming to improve "employability skills" through instruction and activities designed to expose youth to work settings and requirements are able to change tested vocational attitudes, job knowledge, job holding skills, work relevant attitudes, job seeking skills, and sex stereotyping in career goals. However, these attitudinal and skill gains do not markedly alter post-program labor market success except when combined with substantial job development activities so that employers recognize that the changes have occurred, and unless the activities are targeted to youth who plan to immediately enter the full-time labor market after graduation rather than continuing their education. Moreover, measurable attitudinal and skill gains are not realized in summer programs which have about half the treatment hours, suggesting that intensity and continuity are necessary to affect these dimensions noticeably. On the other hand, short-term interventions that provide a helping hand at the point of job search can substantially increase the immediate chances of employment with little or no effect on measured employability skills or attitudes.

There is clear evidence that a variety of alternative methods can substantially improve the academic competencies of even the most educationally disadvantaged; indeed, learning rates can be attained which not only exceed the prior learning rates of such individuals, but overall school norms as well. Participants in Job Corps, who have a sixth grade average reading level at entry, gain 1.5 years in 90 hours of instruction and 2.2 years in 150 hours. The key is a self-paced, individualized educational approach with the flexibility to be delivered a few hours daily in combination with other activities. Computers simplify delivery of these self-paced, individualized materials, increasing the gain rates, helping to standardize curricula, reducing paperwork, and facilitating delivery in a variety of settings.

Work as Training

Work, alone, apparently does not increase employability or employment chances. The post-program earnings of 1976 adult work experience participants were no higher than those of matched nonparticipants, while participants in public service employment gained between \$250 and \$750 in 1977. The greater PSE impact was due to more frequent transition into unsubsidized public sector jobs. Almost all of the increase in employment from pre-entry to the first year post-termination experienced by 1976 PSE participants reflected increased unsubsidized public sector work.

The supported work experiment carefully tested the impacts of well-operated work experience projects structured to provide increasing responsibility, close supervision and peer support. It found little or no post-program earnings effects for dropout youth, drug addicts or ex-offenders, but a statistically significant impact for long-term AFDC recipients. Increased post-program employment in the public sector was the primary source of the earnings gains for the welfare cohort.

Where worksites have been used as classrooms for training in construction trades, with journeymen instructors, linkages to unions, and structured skill progressions, the placement rates in construction, in unions, and in high wage jobs far exceeded those in comparable work projects which did not emphasize training or linkages, even though there were very modest differences in positive termination and employment rates. Where participants received work and training sequences--and only one in twenty CETA participants in 1976 participated in multiple activities--they appeared to benefit more than from work experience alone but less than from classroom training or OJT. One reading of the runes is that when work and training are combined, the post-program earnings effects will be largely determined by the amount of training provided unless unsubsidized public sector jobs are secured. For dropout youth in an experiment testing alternative services, training activities had more impact on post-program employment chances than work and training activities, which in turn had more impact than work alone. Summer employment for disadvantaged teenagers modestly increases the likelihood of returning to school and the probability of part-time employment in school. The employment effects are strongest among those who are least likely to secure employment in the absence of the program. On the other hand, there are no measurable gains over the summer in job knowledge, vocational attitudes, job seeking or job holding skills, relative to control groups. Apparently, a first work experience provides a "taste for earnings" or helps to overcome fears about work without markedly altering attitudes or employability skills.

In summary, work experience can be useful for young people in advancing workforce entry. It can be combined with training activities in a sequence, with benefits roughly proportional to the degree of training. A worksite may be structured as a training site and can yield some of the benefits of classroom and on-the-job training while producing useful output, but this model is the exception rather than the rule in local work experience programs. In most other circumstances, the subsidized work will only have post-program impacts if it serves as a tryout or on-the-job training mechanism for existing unsubsidized jobs in the public or non-profit sector. This does not mean that work experience and public service employment are bad investments. If \$1.00 in output is produced for every \$1.00 in cost, then any post-program earnings increases or in-program benefits (such as reductions in crime) represent a positive return on the outlay. However, if the aim is to alter future employment prospects, work is only effective when properly targeted, designed or linked to unsubsidized employment.

An Interpretation of the Evidence

When all persons available and looking for work are ranked into categories based on prior experience, education, previous training and other measurable characteristics used by most employers in setting job requirements and in ranking applicants, CETA enrollees are concentrated at the low end of the distribution. The same standards used to establish eligibility for CETA, and the same problems which lead applicants to choose this option, are among those used by employers to rate individuals as high risks. Nevertheless, there is very significant diversity in employability among CETA participants. At one extreme, CETA may serve a single mother

with a college degree reentering the labor force or a machinist displaced from a job in a one-industry town; at the other extreme, the participant may be a mentally retarded young person who has never held a job, or a school dropout who has spent the last five years in prison. Each set of characteristics can be assigned "batting averages" which are statistically valid predictors of outcomes in most settings. The mother and the machinist are good bets for training and for subsequent placement. The dropout or the handicapped youth are poor bets. Yet there is also much unexplained variance reflecting chance but also the wide range in potential among individuals sharing any set of characteristics. Some dropouts may be both motivated and intelligent, having left school because of family responsibilities. Others may have dropped out because school was too slow and regimented, although they have now matured. Some may have very serious behavioral problems which are not recorded. Most failed in school because they simply were not as good in academic areas as those who passed. Five years in the future, these subgroups among the dropout population are likely to have quite different average success rates in the labor market. But it is impossible, or certainly difficult, to identify a priori the differences in potential which will produce these differences in outcome.

Employers must make hiring decisions based on characteristics they can measure and on the "batting averages" for persons with these characteristics. Available jobs at any point can be ranked according to their hiring requirements, i.e., how much prior experience, education, previous training and other skills the employers require. The distribution on the supply side of the labor market ranking the available work force in terms of employability, is paralleled on the demand side by the distribution of available jobs according to the minimum employability they require in applicants. There are always some jobs available for even the most unskilled, and the most disadvantaged individual can usually get a job if he or she really tried, even though the meager payoff may not justify the effort. But usually, there are more available workers in the low employability categories than there are jobs willing to employ such workers and all such individuals could not find employment if they looked at the same time.

Among jobs with equal hiring requirements, there is wide diversity in career potential. Some entry jobs are dead-ends while others can be first steps on career ladders. For the available worker entering the hiring door or reading the want ads, it is in many cases impossible to distinguish between jobs with career potential and those which lead nowhere.

The labor market functions by iterative matching of workers and jobs. An individual with low potential hired into a job may soon be fired or quit, or will accept the most menial work as his or her lot. One with high potential will either retain the job and move up or will look for another that provides more career opportunity. Eventually, he or she will find a job with career potential and will advance, or will acquire a college credential or apprenticeship which documents to employers a set of skills or characteristics they desire. This individual will, then, move up the queue to the next level of documented employability. Whether bouncing from job to job or remaining in dead-end employment, the available worker with less potential will become identifiable as a "loser," moving down the queue in the eyes of employers to a lower level of documented employability.

Classroom training targeted to individuals with limited employability can impact on employment chances in several distinct ways: First, the training can serve as an experiential sorting mechanism, not improving skills or credentials, but rather identifying those participants with more potential and motivation. Employers will want to hire them instead of others with the same external characteristics because they know them to be better risks. Second, the training activity may serve as a way of gaining access to jobs without necessarily improving skills or credentials. This may occur through the institutional leverage of the delivery agent or by aiding participants in job search. Third, the training may be able to sort both individuals and jobs, matching persons who have been identified as having greater potential with entry jobs identified as more promising. Fourth, the training may improve potential by increasing motivation, employability skills or academic competencies, without providing credentials that employers will accept in the labor market. Fifth, the training may provide a demonstrable skill or a certification which is accepted in the labor market and leads to a better paying and more stable job.

The distinction between these effects is of more than academic interest. For instance, the second impact process may produce measured gains in earnings relative to nonparticipants, but will do so largely by reducing the chances of the nonparticipants. The process will have no impact on skill shortages and the participants will benefit only to the extent their job search is shortened. The fourth process increases performance in a job once secured, but does not increase either the chances of employment or the quality of the first job. Only the fifth process meets skill needs and improves documented employability so that the completer will be more attractive to employers.

There is evidence that CETA local classroom training functions in all these ways. In general, however, the training is not of long enough duration to increase competencies to the point where they can be certified and documented. Only a small proportion of participants get a GED, sheepskin, or certificate indicating the completion of apprenticeship. There are very few occupations where skills can be taught in short order than can be certified or tested at the hiring door, and where a large number of jobs are available. Clerical training is one of these occupations, and it tends to work best where those who are trained are mature and have adequate academic competencies. Judging from the concentration of earnings gains among 30-44 year-old classroom trainees, women, and those previously out of the labor force--i.e., the groups most likely to be assigned to clerical training--there is little doubt that this occupation accounts for a substantial portion of the total gains from training. Basic skills can be taught quickly in some occupations such as welding, but training less frequently leads to jobs. For most occupations, long-term training is needed to gain useful skills or certifications that are recognized and demanded. Only the few classroom trainees who stay long-term gain these skills and certifications. Those who fall sort need the placement leverage of prime sponsors in order to realize gains from training. Likewise, less than a third of Job Corps participants graduate from training or get a GED certificate. Placement assistance is concentrated on this minority, with little help provided to noncompleters. The overall gains produced by the program are largely the result of improved "potential" as manifested in greater stability of labor force attach-

ment and employment. The jobs which are secured by Corpsmembers, most often by their own initiative, do not pay more and are not much different than those which could be secured without participation.

The most employable trainees are likely to stay longer and complete. Those who are placed among those who stay longer or complete are even more employable. In local classroom training sorting probably occurs more through the placement process than the enforcement of completion standards. Those placed are the "best" both because they include individuals with initiative to get a job and those who are helped by the delivery agent. The fact that the impact of placement continues over time suggests that those individuals who are placed at termination are indeed "better" after controlling for measurable differences and that jobs accessed for them are "better" in terms of stability and career potential. The gains registered by those classroom trainees who are placed despite short-duration training and despite the lack of certifying credentials are probably a combination of these two factors. The converse of this observation is that sorting does not occur in classroom training that will be accepted by the labor market in the absence of CETA leverage, i.e., the distinction between completers and noncompleters is not very specific in local classroom training, and only a minority of participants even know if they complete. An employer is not likely to give much credit to participation alone without knowing the standards for completion and whether these standards were enforced.

Job Corps sorting is much more significant because completion standards are competency-based, the educational and vocational achievements are documented and the residential experience itself tends to separate the mature from the immature. Those employers--such as the military--who regularly hire from Job Corps know the difference. Some employers use the achievement records. But the completion standards and the competency measures are not recognized by most local employers unfamiliar with the program, so that if a youth does not get a job through the program, he or she is unlikely to get credit and must prove himself or herself once hired.

Sorting is much more predominant in on-the-job training. The CETA decisionmaker can and does screen more candidates than a typical employer interviewing for a job, since all CETA applicants are assessed and usually the most employable are assigned to OJT. Because OJT is rarely a "piggy-back" on other treatments, the sorting must occur basically on measurable employability characteristics rather than potential as demonstrated during prior participation. Judging from the wage and occupational change patterns, it does not appear that there are wide gaps between experience and job requirements in the OJT match-ups of workers and jobs, or that extensive training is necessary. Nevertheless, trainees may still be less employable or at least more risky than the usual hires. The try-out which occurs for all entry hires also occurs under OJT. The training period offers an opportunity to determine whether the somewhat higher risk trainees, particularly those who have been outside the labor force and those who have lost their last employment and therefore may be of uncertain quality, will adjust to the job and respond to normal entry instruction. OJT, thus, provides a try-out for more stable and better paying jobs for those whose careers have been disrupted, as well as an opportunity for entrants and reentrants into the work force--albeit those with more edu-

cation credentials--to get a chance to prove themselves. Immediate employment is particularly important to reentrants or entrants who are more likely to remain in the labor force when they get work right away. From this perspective, OJT is more of a screening device than a training ground. The roughly one of three participants who are not hired permanently are those who fail their try-out or find that the assignment does not meet their expectations. The decline in the earnings gains from the first to the second year after termination, in contrast to the increase for classroom trainees, suggests that some of the OJT participants lose their jobs and the "training" is not transferrable, while equally employable nonparticipants are eventually able to catch up somewhat.

There are several implications of these notions of sorting, certifying, job access and try-out. First, they suggest why OJT is so hard to market to employers. Candidates are referred and the employer must choose among them on the basis of documented employability dimensions, but they are all risky to the extent that, on average, they have characteristics which would usually rank them below normal entry employees or their potential is uncertain because they do not follow the normal entry routes, for instance, being recommended by other employees. Because hiring is first and training later, the employer assumes the risk that the individual cannot pick up the job as easily as normal hires, and the subsidy must cover this risk. To the degree the job requires substantial training as opposed to mere orientation, the employer assumes an even greater risk. To overcome the employers' reservations, the delivery agent is inclined to screen participants as much as possible so that they meet usual employability requirements. Unless the best of the referrals is within the "risk range" covered by the OJT subsidy, the employer will not even participate. But given the difficulties of finding OJT slots and the clear evidence that they help participants, the delivery agent may not want to jeopardize future placements and may provide referrals well within the risk range--providing windfalls to the employer--in order to assure future cooperation and to get immediate results for participants.

If the public accepted the initial risk by payrolling the participant during a limited tryout period, the employer would have to be subsidized only for extra training costs rather than the hiring risk. The extra training costs for the individual could be better determined after the try-out because there could be evidence of performance of each participant in each assignment. It would be possible for the employer to take greater risks. If there were such a try-out, experiential sorting in work or classroom training programs could be used to identify and place in OJT the measurably disadvantaged who demonstrated greater potential; the delivery agent would not have to convince the employer that prior sorting had occurred, but rather could could let him see for himself.

Second, placement is a key factor in realizing the payoffs of training, but there are different implications in different settings. If classroom training does not lead to credentials or measurable skills, like typing speed, that can be tested by employers prior to hiring, improved employment chances depend on placement leverage as well as the training institution's reputation, which in the short-run may be affected by publicity and linkage efforts, but over the long-run reflects the job performance of trainees. If there is no sorting of completers and non-

completers based on demonstrated acquisition of specific skills, then over the long run the placement leverage and reputation will erode and individual participants who perform most effectively in training will not be able to translate their hard work and ability into commensurately better jobs. Improving potential but not documented employability will help when and if the participant gets a job, but pays off more certainly when there is placement, particularly when this accesses jobs with career potential where the individual's abilities and newly acquired skills can be fully utilized. Placement is less crucial where training provides accepted credentials or measurable skills; however, these are likely to be discounted unless the individual shares the characteristics and experiences usually associated with these credentials and skills, or if the trainee has other impediments to employment. This will be particularly true where an individual makes a "quantum leap." In such cases it may be necessary even if there has been substantial sorting, training and certification, to provide for a try-out or to exert a special effort to secure placement so that the skills and credentials are accepted at face value.

Third, the attainment of credentials requires longer training than is usually provided, and more sorting as well. In order to avoid hurting those who lack the potential for a major advance, the obvious solution is to use a base-level training activity to provide worthwhile aid to large numbers while identifying participants with the greatest potential for long training in a second tier of activities. For the majority not moving on to the second tier, placement after first tier participation would continue, as now, to find "better" jobs for those who are "better" but not good enough for advanced training, while helping the remainder to simply find employment more quickly. In the second tier, where the number of entrants and completers would be much smaller than in the first tier, substantial placement efforts would and could be exerted to secure employment in training-related jobs in order to assure that the intensive investments paid off.

Fourth, improved skills mean little if not recognized and utilized by employers. Recognition depends on identification of competencies acquired, documentation of the quality of the inputs which went into the preparatory experience, proof that standards were maintained, and recognition that the skills and competencies needed for specific jobs were, in fact, provided. If there are no graduation standards, if the certification is nothing more than a claim that some training occurred, if the quality of the training is suspect, or if the competencies taught bear little relation to what employers really want, the payoffs of training will be reduced, particularly over the longer-run when jobs will depend on acceptance of the credentials rather than the immediate leverage of the CETA hiring subsidies and placement efforts.

Fifth, the future implications of these interpretations are even more significant. The size of the available workforce at any point in time, and especially the numbers at the lower end of the employability distribution, is largely determined by the number of entrants and reentrants into the labor force. This number will decline dramatically relative to total employment as the post-war babies age into the prime working years and the participation rate of women levels off. The annual rate of growth of the civilian labor force age 20 to 24 is projected to fall from the 2.7 percent

annual growth rate for males in the 1975-1979 period to -.1 percent annually between 1979 and 1985, and to then decline by 2.9 percent annually in the 1985 to 1990 period. For all women, the rate of increase in the labor force will decline from 4.1 percent to 2.9 percent and then to 1.9 percent. Employment grew 2.7 percent annually over the second half of the 1970s, and 2.1 percent over the entire decade. Anything close to this job growth would drastically exceed the 1.9 percent total labor force growth projected for 1979 to 1985 and the 1.3 percent rate for 1985 to 1990. ^{1/}

The impacts will be greatest at the entry level. While there may be large numbers of relatively well-educated prime age males and females competing for mid-career advancement, the pressures at the career entry door will be reduced, as well as the competition for menial and casual jobs. Illegal or legal immigrants may fill the latter need, but they are unlikely to be allowed full access to career entry opportunities. In response, many employers whose hiring policies are now structured to take advantage of the excess supply of entry applicants are likely to lower their usual entry standards, regularize the career ladders so that the promise of a future can be used to attract entry workers, initiate their own intensive preparatory programs, work more closely with public institutions, recruit from areas with excess workers, increase the poaching of trained employees and further protect their own workers by compensation provisions and advancement opportunities tying them to the firm.

Where firms increasingly provide their own training and must draw from a high-risk pool, they will be much more responsive to preparatory activities by public institutions that screen and improve basic skills. More firms will be willing to specify their requirements and work with institutions to develop training adapted specifically to their needs. Since they will have to take more chances in hiring, they will be more receptive to a try-out approach which protects them from some of the risk. Persons who are trained and credentialed are more likely to find jobs at higher levels and have their credentials accepted even if they lack some of the other characteristics now expected in applicants for these better jobs. As more firms train, there will be an increased concern about other firms stealing their employees, and a desire to limit this if possible by expanding the supply of entry skilled workers and equalizing employer training costs.

The magnitude of these developments will be affected by immigration policies, military manpower needs, technological change, foreign competition, national and world economic conditions. There is no crystal ball which can accurately predict these factors. But all else being equal, the labor supply changes which can be projected with some certainty are massive. Employers will not alter their behavior overnight, and the degree of change will vary by industry, region and type of firm. But the market is enormously adaptable and the directions of change should work in favor of training which sorts and improves potential as well as more ambitious efforts to provide quantum leaps in documented skills. On the other hand, training that simply accesses low-level, menial jobs will be relatively less necessary or useful.

SECTION 3.
MANAGEMENT, DECISIONMAKING AND DELIVERY--
A SUMMARY AND INTERPRETATION OF FINDINGS

Diversity in Local Programming

The local delivery system which accounts for nine-tenths of trainees and more than seven-tenths of training expenditures under CETA is characterized by enormous diversity. There were 484 state and local jurisdictions designated as "prime sponsors" for CETA in fiscal 1980, that is, receiving funds by allocation, planning for the use of these funds, contracting and managing activities, monitoring compliance, and reporting to the federal government. Under the "comprehensive" component of CETA (Title IIBC) which finances most local OJT and classroom training, prime sponsors have broad discretion to choose the types of participants and the types of services. They vary substantially in how they exercise this discretion--particularly in choosing between job creation and training--as well as in the results they achieve. In 1980, a fifth enrolled less than 30 percent of participants in classroom training while another fifth enrolled over 70 percent. Over half of prime sponsors provided OJT opportunities for less than a tenth of participants, but one in ten prime sponsors provided opportunities for 30 percent or more. The cost of classroom training per participant averaged under \$1000 in a fourth of prime sponsors, but over \$1750 for another fourth. The placement rate upon termination averaged over 50 percent, and the cost per placement below \$4000, for a fourth of primes; but the placement rate was below 30 percent and the cost per placement above \$8000 for another fourth. Under the youth and structural public service employment titles of CETA, where the prime sponsors also had a great deal of discretion in choosing between training and other treatments, even greater variation occurred in the emphasis on training.

The varying emphasis on training was not related to the variability in local economic conditions nor in the participants who were served. The unemployment rate might be expected to affect the availability of OJT assignments, the opportunities which can be opened through classroom training, and the relative attractions of and need for job creation, while the youth share among participants might influence the service mix since youth are usually offered short-term subsidized jobs and are underrepresented in local classroom training and, even more so, in OJT. According to regression equations measuring the relationships between the emphasis prime sponsors placed on classroom training in fiscal 1980 and their unemployment rates and youth shares, primes with significantly above average unemployment rates or significantly above average youth shares gave marginally lower priority to classroom training, but these two factors alone, explained little of the variability in classroom training emphases. Neither did they have much relationship to, nor explain much of the variability in, relative OJT emphases or the priorities placed on classroom training and on-the-job vs. work experience. To the degree a relationship existed, prime sponsors with higher unemployment rates tended to undertake more OJT and more total training (hence less work experience) than those with lower unemployment. By the same token, the unit costs of OJT and classroom training were only marginally related to unemployment rates or youth

shares. Prime sponsors with high unemployment rates did not have to pay substantially more to access jobs through OJT, and the duration or intensity of classroom training as reflected in the cost per participant, was not substantially greater in high unemployment areas nor substantially lower when more youth were served.

The type of governmental unit making the local decision, its size and regional location affected service mix and outcome patterns. Smaller prime sponsors with a labor force of less than 200,000 and state government sponsors were more likely to emphasize OJT, controlling for their differing unemployment rates and youth shares. Smaller primes (100,000 or less labor force) and the large cities (500,000 or more labor force) were more likely to emphasize classroom training, while states were less likely to use this approach. The training shares of Title IIBC expenditures were lowest for prime sponsors in the South and Northwest. The costs per participant in classroom training were highest in large cities, counties and consortia, reflecting cost-of-living differences probably as much as intensity differences. OJT costs were lowest for the smallest prime sponsors and for states. Prime sponsors which placed a heavy emphasis on training under Title IIBC also emphasized training under their structural public service employment and youth programs.

Differences in participant mix and in economic conditions were much more powerful in explaining the variability in outcomes than the variability in training emphases and costs. Differences in participant mix (age distribution, race, sex, and welfare recipient shares), differences in area conditions (unemployment rates, economic growth rates and quit rates) and differences in activities (on-the-job and classroom training shares, average lengths of stay and costs per enrollee), explained almost two-fifths of the variance in fiscal 1980 placement rates of prime sponsors. Among these factors, the activities dimensions had the least impact. A larger OJT share contributed to higher placement rates but a standard deviation increase in the OJT share was associated with less than a fifth of a standard deviation increase in the placement rate. In contrast, a standard deviation increase in the unemployment rate was related to a standard deviation decrease in the placement rate. Yet the fact remains that the placement success of a prime sponsor was not foreordained by participant characteristics, economic conditions or service patterns. Three-fifths of the variance in placement rates was not explained even by the most detailed regression equations, suggesting that management of and priority on placement at the local level had much to do with prime sponsors' relative placement success.

The Worm's Eye View

From the prime sponsor's perspective, the benefits of classroom training vs. work experience are not as apparent as the national impact studies would suggest. Prime sponsors do not undertake long-term follow-up, nor do they attempt to secure comparison groups in order to measure net impacts. They focus, instead, on short-term outcomes and participant gains from entry to exit. Immediately at exit from CETA, the employment rates for 1976 work experience participants were higher than for classroom trainees (52 compared with 29 percent). At the three-month follow-up, the

differential was still in favor of work experience (52 to 46 percent). Even though the work experience group was more likely to be employed a month before entry, its gains from entry to exit were significantly greater than for classroom trainees, and from entry to three-month post-termination they were about the same. Work experience is also shorter and less costly per person year, so that within a given local allocation more people can be served by the work approach. At the same time, the local public gets back a useful social product and locally-financed transfer payments may be reduced during the period of participation, since wages offset welfare benefits while allowances do not. In other words, the benefit-cost calculus is different at the local level, and emphasis on work experience is understandable even if it does not maximize the net post-program earnings impacts from employment and training investments.

Likewise, the case for long-duration training is not as compelling from the local perspective. In the first quarter after termination, the percent of time employed for second half fiscal 1975 classroom trainees who stayed between half a year and a year was 46 percent, compared to 43 percent for those staying 30 to 90 days. The differential was 57 vs. 47 percent over the entire post termination year and 66 vs. 54 percent in the second post-termination year. In other words, a 90 day follow-up--the longest which prime sponsors usually undertake--would not show the greater relative gains made by the longer-term trainees. Based on prime sponsor placement rates for trainees of varying lengths of stay, and assuming costs proportional to length of stay, the cost per placement recorded by the prime sponsor for the one to two month training would be three-tenths that of training activities of over half a year's duration. It is not surprising that shorter training is emphasized.

Local decisions are based, to a large extent, on management information gathered and processed according to a uniform system of definitions and reports required by the Department of Labor. This management information system has serious deficiencies. The descriptors of employment and training activities are too broad. The intensity and cost of treatments for specific participants and participant groups cannot be determined. Only CETA costs are tracked; offsets from income maintenance programs or other funding sources cannot be identified, so that the public expenditure for treatment may exceed the CETA expenditure. The laundry list of participant characteristics which are gathered, once aggregated, provide little sense of the employability of participants. Outcomes are difficult to interpret since positive termination is defined inclusively and placements are not considered relative to the types of training provided. Like all accounting systems, there are also loopholes; official termination may not occur for three months or more after the receipt of really substantive services. The information produced is not just inaccurate; it is misleading. Because the MIS leaves substantial latitude for creaming, and because service intensity is not measured, low cost, limited intensity services which are targeted for the most employable among participants and which will maximize immediate outcomes, are encouraged whenever budgets are tight or placement emphasized. Multi-step, intensive investments for persons most in need are discouraged.

Even if prime sponsors could measure net impacts and the benefits and costs of alternate local interventions for different participant groups,

and even if management information accurately described and did not bias their actions and outcomes, rational decisionmaking at the local level would be almost impossible because of the instability and uncertainty in federal budgeting and policymaking. CETA has experienced dramatic fluctuations in overall funding, but these shifts have been exacerbated at the local level by an allocation formula which alters the relative shares among prime sponsors from year to year. Congress almost never appropriates the money on time. Every year there is a new program or new emphasis from the federal level. The best talent in the private sector could not plan and manage effectively under similar circumstances. Prime sponsors respond as best they can by emphasizing the simplest short-term interventions which can be phased up or down rapidly. Most focus on the short-run and on crisis management rather than long-term institution building and system development. Uncertainty and volatility are, without question, the primary causes of CETA's management and delivery problems.

The Federal Presence

The prime sponsors operate within the framework of federal regulations and federal oversight. The "feds" review and approve the activity plans prepared each year by prime sponsors, monitor performance indicators each quarter, and conduct a top-to-bottom review at the end of the year.

While the feds seek to achieve year-to-year improvements in placement rates and unit costs in negotiating plans, prime sponsors may justify exceptions in the plan or may seek modifications during the year. Apparently, there is not too much torque in this review process. The planned Title IIBC placement rate approved for fiscal 1980, after the modification process had occurred, was below the level in fiscal 1979 and only 1 percentage point above the level in fiscal 1978. The variances in planned placement rates, training shares, and projected costs were almost the same as the variances in the rates, shares, and costs realized in fiscal 1980.

The end-of-the year performance review is a ritual paper exercise with minimal consequences. Prime sponsors are rated as either eligible for immediate funding, as needing corrective actions over the next year, or as having serious problems that must be solved before funding. But denial of funds almost never occurs, since it would mean termination for active participants. Instead, the feds negotiate corrective actions and give conditional approvals, which frequently continue for year after year. Even if the "stick" were a meaningful threat, the quality of training is given minimal weight in the assessment and no prime sponsor in 1980 received a serious problem rating under IIBC because of deficient training. Process issues such as equal opportunity enforcement and monitoring procedures have received greater priority than measured performance. Even though outcomes will be increasingly stressed in future reviews, the shortcomings of the management information system will never permit accurate judgments about local performance which would justify stern penalties. To date, however, the annual reviews have had little or no effect on the amount of CETA local training or its quality.

The federal regulations do not preclude long-term training. The guidelines concerning the appropriate length of training suggest that six months is the minimum necessary training period for almost any occupation in which classroom or on-the-job training occurs under CETA, and even in these cases there is a presupposition of basic competencies which are frequently lacking among CETA participants and which would require extra time in addition to the vocational preparation. The two and one-half year limit on classroom training cannot be considered much of an impediment since less than one percent of fiscal 1977 classroom training entrants stayed in CETA for more than 450 days.

The regulations do limit on-the-job training. Quite simply, the payments to the employers do not compensate for the risk in hiring someone of less certain qualifications and the paperwork involved. While prime sponsors have varying success in securing employer cooperation, even the most successful have marketing difficulties. If OJT shares under Title IIBC were increased by a standard deviation, i.e., to a level now achieved by the best one-sixth of prime sponsors, opportunities would still be available for less than a fifth of participants. Experiments with varying subsidy levels and formats have demonstrated that employers are responsive to the level of reimbursement, and that the response rate escalates when the participant is payrolled from CETA for a try-out period rather than hired first by the employer. This is the only way most will give a chance to the more disadvantaged among CETA participants. In sites where the try-out approach was utilized for dropout youth and for disadvantaged students, OJT opportunities for even these hardest-to-employ groups expanded manifold.

The federal measures which most affect the level and duration of classroom training are the supplemental vocational education set-aside (6 percent of Title IIBC funds), the legislatively mandated training requirement under public service employment (15 percent of Title IID PSE expenditures in fiscal 1980), and special-purpose initiatives such as the Skills Training Improvement Program (STIP) and HIRE, which provided funds for classroom training and on-the-job training respectively, but only to those prime sponsors who could use the money and meet requirements. The increase in the vocational education set-aside from 5 to 6 percent in the 1978 amendments, the phase-up of the STIP program, and the PSE training requirements, accounted for most of the increase in local classroom training activity between fiscal 1977 and fiscal 1979. The Private Sector Initiative Program which established local Private Industry Councils (PICs) and set aside funds for private-sector oriented activities also increased the share of funds going to training, simply because work experience was intended as a last resort for the funds allocated for PICs. PICs have not had an easier time marketing OJT than prime sponsors, and, hence, have turned to classroom training and transition services. The expectations that business participation in decisionmaking and the intermediation of a business-oriented local group in the delivery process would make OJT more attractive, placement easier and employer cooperation much more likely, were unquestionably exaggerated. PICs may do marginally better than prime sponsors, and the increment may be worth the cost, but more fundamental changes in policies and practices will be necessary to improve the effectiveness of local programs in private sector placement.

An Alternative Approach--The Lessons from Job Corps

The Job Corps, operating under national direction and drawing participants from all areas of the country, offers several important lessons for the design and management of training activities:

First, Job Corps is the only CETA activity which invests substantially in the "hardest of the hard-core." The demography of Job Corps participants has changed hardly at all over the years and the legislative stipulation of services has thwarted the attempts by budget cutters and critics of intensive investments to trim the sinew and bone, rather than the fat, from the program. To achieve similar targeting and intensive investments under local programs, it is probably necessary to specify both service mix and the eligibility focus in the law and regulations, and to shift more responsibility to the national or perhaps state level rather than locally, where there are so many pressures to both dilute service intensity or to "cream" whenever significant opportunities are provided.

Second, the residential dimension of Job Corps is a critical element. The program draws individuals from areas of greatest need--usually where institutions are overburdened or nonexistent--and provides exposure to alternatives and a developmental opportunity. The number of intercity moves for job-related reasons are more than twice as high for Job Corps participants as for controls in the first year and a half after termination. Job Corps is the only CETA program which is not localized. Most "national" programs funded under Title III of CETA provide extra service and delivery options which augment local activities but involve neither recruitment from multiple prime sponsors nor mobility of participants.

Third, the Job Corps management approach is unique. Three-fifths of Job Corps centers are operated on a contract basis by private corporations or nonprofit organizations. Competition provides options. Where a contractor performs poorly, another can be selected. In contrast, it is extremely difficult to suspend decisionmaking and management authority of a local government unit. It is particularly difficult to fire the local bureaucracies directing the programs. And where the same government units are responsible for both decisionmaking and management, they are likely to choose the approaches which are easiest or safest to manage, rather than what may be best for participants. Private sector management per se is not necessarily more effective--at least this has not been the case in Job Corps, where nonprofit and public managers of contract centers have done as well as private corporations--but the competition provided by the contract approach, the flexibility to hire and fire, the separation of policymaking and program management, have all proved beneficial. Where private or nonprofit contractors operate in multiple sites, there are economies of scale and the potential for specialization of staff and standardization of management approaches. The annual budgets are larger for some contractor-managed centers than for many prime sponsors, and the provision of comprehensive services for the severely disadvantaged is much more challenging. Contracting for the management of local programs is an option which should certainly be considered where local public sector management has proved deficient.

Fourth, Job Corps offers a complete spectrum of opportunities ranging from special aid to the learning disabled all the way to college options for Corpsmembers who advance rapidly, from vocational training in janitorial work for persons unable to perform any other jobs to multi-year training as computer customer engineers. If individuals cannot be served appropriately at one center, they can be moved to a component at another. Instruction is individualized and self-paced. Achievements are recorded and rewarded. The standardized educational programs are based around a diagnostic, prescriptive and progress measurement system. Most available public and private sector materials have been screened and cross-referenced to this system, so that there are a number of options to suit the interests and needs of each individual. Likewise, occupational training is structured around competency-oriented skill and knowledge hierarchies for each vocation, with recording of progress for each trainee. In all Job Corps offerings, then, enrollees are placed according to ability or interest, can advance as rapidly as possible, can be rewarded for measured accomplishments and can compete for advanced opportunities available within the system based on performance within the system. This approach is in marked contrast to local CETA programs which offer "one-shot" treatment in most cases, with few incentives for performance, no uniform records of achievement, and limited opportunities for "quantum leaps."

Fifth, all activities in Job Corps operate under detailed national standards dictating minimum qualitative and quantitative inputs. On-site reviews can, therefore, assure that input standards are met. The use of a standardized competency assessment and progress systems for the vocational and educational components allows comparison across centers. With the same essential mix of services from center to center, enrollee surveys can be and are used to identify potential problems in components. Most critically, with costs negotiated and itemized by detailed component, and with components relatively standardized, outcomes relative to national norms can be used to assess performance. The poor performing center operators have few excuses, and hence low performers are subject to greater pressures and are likely to improve over time. Because the service mix and intensity of local CETA operations is so variable and because there are no qualitative standards, it is difficult to get the same torque on prime sponsors with the CETA performance measurement system.

Sixth, recruitment and placement are the weak links of nationally-directed programs such as Job Corps, and they require more attention. Job Corps recruits through its own system of contractors, primarily the state Employment Services. Few prime sponsors use Job Corps as a treatment alternative on a regular basis. Some enrollees could be better served in local programs, while many participants in local CETA activities should be in Job Corps. Job Corps also has its own largely separate placement system that works in getting completers into jobs, but does not help dropouts and partial completers for the most part, in contrast to local classroom training where placement is more often provided to participants whatever their duration of stay. As a result, many Corpsmembers have depressed earnings during the first month or so after termination even though they eventually break even or surpass like nonparticipants. This transition could be eased if local prime sponsors had the responsibility of placing individuals sent off to Job Corps for training and subsequently returning to the locality without a job, and if they were notified immediately or

even before scheduled exit. In other words, local activities must be better linked with nationally-operated programs. They must begin to operate in tandem rather than in isolation.

An Assessment of Operational Experience

All the facts and figures on training and its impacts reduced to some rather simple conclusions: CETA (or its successor) should put more emphasis on training, the duration of classroom training should be longer, and on-the-job training opportunities should be expanded. Placement efforts should go hand-in-hand with training, with an emphasis on securing training-related jobs. Competency attainment should be stressed and performance standards maintained for participants. Career-oriented opportunities should be available for those who prove themselves in the system.

The CETA system is not now designed nor managed to achieve these ends. This is a statement of fact, not a critique. CETA's mission over the last decade has been, first and foremost, to create jobs, which was probably appropriate as the economy strained to absorb the ever-increasing numbers of youth and female labor force participants. Evidence in support of new missions and approaches has not been available until recently. The decline in labor force entrants which will provide the imperative for change is only beginning to occur. Yet if past patterns are justified, they also offer clues concerning the changes in policy and practice most likely to move the system along the paths which are, in light of new evidence and emerging labor market trends, now more appropriate.

Decentralization and decategorization were initiated under CETA in the belief that decisions about services, delivery agents and participants could best be made at the local level in response to local conditions. Diversity was both expected and desired. A planning system and procedural rules were formalized to assure a fair and reasoned set of decisions, placing primary reliance on an analysis of labor market conditions as a guide to local decisions. It would be expected, then, that areas with similar economic conditions or similar target groups would tend to adopt similar choices among intervention alternatives. Recognizing the crudeness of area data as well as participant, service mix and outcome measures, it is surprising that the service patterns, which vary so markedly among prime sponsors, bear little relation to either area unemployment rates--the primary consideration in planning and allocation--or to the proportion of youth served--the participant mix factor expected to have the largest impact on the choice of local service strategies. The findings discount the most common excuses of prime sponsors, i.e., that training does not occur because the "feds" force too many youth to be served, that below average OJT enrollments are necessitated by high unemployment, or that placement rates cannot be improved because of the participant mix or area conditions. Decisions are more determined by the structure of the decisionmaking unit, its size, and the historical approaches prevailing in different regions.

Because of the difficulty in pinning down activities, services, or outcomes, much less their interrelationships, performance monitoring has

been basically a ritual exercise. Where the diversity is so great because of local flexibility and the lack of federal standards, it is difficult to second-guess any local decision or to judge local outcomes. Unlike Job Corps, where one center is very much like another, and the activities are defined by a set of detailed requirements for each element, the descriptors for local activities which are used in the federally-mandated management information system are not very specific and the content standards for activities are almost nonexistent. "Classroom training," even with a single prime sponsor, may range from a few hours of motivational and character development activities to full-time occupational training for over a year. Within even the broad descriptor categories, there is no identification of the types of participants or the outcomes. The outcome measures are also so vague that they tell very little about performance; it is doubtful whether a "positive termination" really means anything and impossible to tell whether a "placement" is training related. Without the ability to measure what activities are occurring, without standards about what should, as a minimum, go into each of these activities, and without outcome measures available by characteristic of participants and services received, it is impossible to make judgments about whether the activities are adequate or the outcomes appropriate. Hence, the federal oversight system focuses neither on inputs and their quality, nor on outputs and their meaningfulness, but rather on processes. Acceptable processes do not guarantee (and in fact may not even promote) wise decisions or positive results. For instance, the summer programs operated by prime sponsors were accepted until the last few years as long as plans were filed and the participants and expenditures counted. Yet inadequate worksite activities, poor supervision, and slack worksite standards were found in recurring assessments by the General Accounting Office. Beginning in 1978 the Department of Labor began to specify standards about what was required in worksites, provided models, demanded specification of activities in worksite agreements, but more critically, used these standards and agreements as the basis for massively expanded on-site monitoring. There were substantial improvements in the quality of worksite activities as a result. The improvements were documented by further site visits by the GAO and the Department of Labor's Inspector General, but were no more visible in the management information collected by the Department of Labor than were the earlier shortcomings. In fact, unit costs rose noticeably as a result of increased management and monitoring efforts and the enrichment of worksite activities. 2/

In a system which focuses on aggregates, and emphasizes quantity over quality, there is little incentive for the prime sponsor to develop high quality, intensive components. Since such components would serve only a small proportion of participants, their effectiveness would be completely hidden in a mass of numbers under the current management information system. Despite the cumbersome paperwork requirements on local systems, the management information system does not collect and report the right information needed to support local or federal management, or to promote either long-term training or the progression of individuals in an orderly way through local systems.

The boogeyman of the heavy-handed federal government squelching local creativity and dictating decisions turns out to be a pussycat. There is no evidence that the federal regulations or the federal oversight restrict the

amount or duration of classroom training undertaken by prime sponsors. The law clearly allows for long training courses and urges targeting to those most in need in the eligible population. It is primarily local pressures, habit and administrative expediency which result in the broadest distribution of limited resources. Everyone wants more OJT, and federal oversight is certainly not the reason many prime sponsors do so little. It is simply too difficult to market to employers.

Yet if the federal presence is largely neutral concerning the exercise of local discretion over activity mix, intensity and targeting, the oversight is not benign. It focuses attention on ritual processes while providing no direction as to what is important. If the feds cannot or do not say what works or what the standards should be, nor do they review quality, neither can the local decisionmakers when dealing with politically connected local delivery agents. Why create new training institutions or approaches when existing deliverers are clamoring for support and there are no incentives and few performance or impact standards for justifying alternatives? Why concentrate resources when low costs and services for more participants are favored by both local politicians and accepted by federal monitors as an indication of efficiency. It takes all the ingenuity and resources available to the prime sponsor to avoid the process pitfalls that will be scrutinized in federal review, and to generate the plans and modifications required by the feds even though they have little to do with operational realities.

The basic issue, however, is whether decisionmaking should be localized. A rational local decisionmaker conscientiously assessing placement rates, costs and three month follow-up results might rationally decide to emphasize work experience, or to put ten participants through 4-week training rather than offer one participant 40 weeks of training. From the local viewpoint, the effectiveness differentials do not square with those estimated by the "ivory tower" national impact studies. Since the most rational decision from a local perspective is also the most expedient, all the better! If residents must be placed only in local jobs, and if these are scarce, the training options or payoffs may be limited so that job creation and short training for menial positions are the best alternatives. It is not a condemnation of the quality of local decisionmakers to suggest that they may not know best in their limited context, and that it may not be best to limit the decisionmaking context to the local area.

More classroom training can be accomplished by expanding the state set-aside for vocational education, categorizing resources for training as in PSIP, requiring training under work experience as in PSE, or overlaying a competitively-funded program such as STIP. Longer training can be accomplished by duration specifications for these earmarked and extra dollars, by emphasis from the federal level, and by the use of management information system descriptors that identify costs for specific types and intensities of services so that false economies are not achieved by shifting to less intensive activities within broad service categories. Marginally more OJT can be accomplished by guidelines, set-asides or competitive funding to areas able to move OJT dollars, but the real answer is to change the formula to provide for a "try-out" period before a hiring decision or training contract is signed with the employer.

These actions would focus federal policy, but would not represent a reduction in local control, since there are already copious set-asides, categorical titles, minimum spending requirements and the like. The key is to align these requirements so that they achieve a coherent policy and provide clear guidance.

The real issue, then, is whether a consistent national policy can be developed and sustained. Currently the local CETA system tries to respond to ever-changing priorities, and make the most rational decisions based on the evidence at hand, but the directions are not clear and the locus of decisionmaking inappropriate. The answer is not a new program model, or more vigorous performance monitoring, or redistribution of decisionmaking authority, although all these steps may be required. The key is, instead, to determine at the national level what we are trying to achieve with employment and training efforts, to set long-range goals, and to choose the next steps that will, with the least rupture to the present system, move it in these directions.

SECTION 4. THE UNDERLYING ISSUES

The most basic issues underlying employment and training policies are rarely broached, and some basic tenets have been accepted without question since the emergence of manpower programs on a major scale in the mid-1960s. Because of cumulative changes, substantially different prospects for the future, and the current retrenchment and uncertainty, it is critical that these issues and postulates be reexamined.

At the inception of manpower programs, our nation's income maintenance system left much to be desired. Although many persons in need may still fall through the "safety nets," there has been dramatic improvement in the scale and scope of cash and in-kind aid. Where major gaps existed in the past, particularly in aiding the working poor, these have been partially bridged by food stamps, earned income tax credits, increased work incentives under welfare, expanded coverage and benefit levels under unemployment insurance as well as boosts in the minimum wage. For instance, among the 5.5 million full-year labor force participants in 1980 whose earnings, combined with those of other family workers, were below the poverty level, 2.5 million were lifted out of poverty by receipt of transfers and other income, and the average poverty deficit was reduced by an eighth for those remaining below poverty. ^{3/} Wage and allowance policies under employment and training programs need to be reassessed in light of these changes.

There has been a significant reduction since the 1960s in labor market discrimination, making it possible for minorities with skills and credentials to compete on much more even terms than in the past. There is also less discrimination in mainstream institutions such as colleges, post-secondary schools and the apprenticeship system. To the degree minorities can reach these entry doors with the required abilities and credentials, they have much more equal access. Since action has now become less affirmative, deficits in preparation due to limited prior opportunities must be overcome if further progress is to be achieved. Traditionally, employment and training programs have served as battering rams, or else have offered separate training in separate institutions. More emphasis may be needed on providing substantive skills and credentials so that the less employable can take advantage of increased mainstream opportunities.

When manpower programs emerged, the institutional infrastructure was quite limited. There were few community- and neighborhood-based organizations representing those in need. Primary emphasis was placed on building institutional capacity and diversity. Likewise, to the extent mainstream institutions had previously ignored the disadvantaged and their special needs, the programs had institutional change missions. Practicing what was preached, primary emphasis was placed on equal opportunity employment of women and minorities in the management and delivery jobs in the manpower growth industry. Now, with a wealth of community institutions established, much institutional change achieved, and employment and training programs a declining industry, it is neither appropriate nor possible to give these goals the same priority as in the past, although

they should certainly not be abandoned. Likewise, when resources were plentiful, a "live-and-let-live" attitude prevailed among different institutions. Reductions in funding will necessarily increase friction as each interest seeks to protect its own rice bowl. Unless there is a clear sense of goals and objectives, institutional leverage and political power, rather than the needs of those being served, will dictate the relative burdens of retrenchment.

Though retrenchment exacerbates tensions and debate, it occurred because the consensus in support of employment and training policy had already ruptured. By the close of the 1970s, the notion of an active manpower policy--with countercyclical job creation efforts built on a stable base of structural employment and training activities--was undermined by the evidence of serious operational difficulties but even greater political liabilities related to large-scale job creation. Continually changed policy thrusts and overreactions to each perceived problem had produced a complex system, difficult to understand and almost impossible to administer because of the intricate procedures implemented to achieve contradictory objectives. The panaceas had all been tried with little effect. For instance, CETA was initiated as a block grant approach, promising that decentralization and decategorization would improve the quality of services. Yet most of the flaws of CETA which were highlighted in the late 1970s were problems of misuse of local control made possible by the lack of effective federal oversight, not the problems of too much central control. It is ironic that the strongest advocates of a block grant approach are also the most vociferous critics of CETA's failings at the local level. A variety of mechanisms have been tried in an attempt to increase private sector involvement, from the efforts of the National Alliance of Business under the JOBS program to the creation of local Private Industry Councils. NAB worked for a while in the tight labor markets of the 1960s but its leverage soon dissipated. Some PICs have worked, most have not, but they certainly have not proved a savior of CETA. Federally-directed efforts have been good in some cases and bad in others. Some states have effectively utilized Governors' grants to link and improve local activities; most have not. Metropolitan-wide activities have been encouraged with modest incentives for consortia, but performance has been disappointing to those who favor planning and delivery on a labor market basis. In other words, there are few untried ideas and hence little faith that organizational changes alone will make a major difference.

Turning to the future, two major developments are likely to substantially alter the setting of employment and training activities. The labor markets of the next two decades will differ sharply from the preceding two. The leveling off in female labor force participation and the aging of the post-war babies into their prime working years will reduce the surfeit of menial workers while increasing competition for mid-career jobs. Labor market changes should improve the potential effectiveness of training for persons of limited employability, but they will require changes in approach. The diversified post-secondary education and training system that was developed in response to the post-war baby boom will face severely declining enrollments as this demographic cohort ages. While the mainstream system focused primarily on advantaged groups in the past, justifying the creation of a separate track for the disadvantaged, the system will no longer have the luxury of such creaming. There are, then,

physical and human resources available that can be tapped to upgrade the quality of training and to increase the training options for those at the end of the labor queue.

These past, present and future developments necessitate a reconsideration of some fundamental issues and assumptions--however painful this process may be. First and foremost, it is necessary to decide on the basic missions of employment and training programs. Second, it must be determined whether or to what extent to maintain a separate remedial system varying in approach and assumptions from mainstream institutions. Third, the income maintenance policies must be reexamined and perhaps reconstituted to reflect changes which have occurred. Fourth, a determination must be made whether to continue spreading resources broadly among clients or to try to concentrate on fewer individuals in order to prepare them to compete more equally for available employment and higher education opportunities. Finally, there must be a recognition of the limits as well as potentials for improvement in employment and training efforts.

Rethinking the Missions

Clear definition of purpose is the foundation of effective social policy. A vast array of missions have been assigned to employment and training activities. In some cases, these missions have been contradictory. In the absence of priorities, they have always competed for scarce dollars and attention. In simplest terms, it is unresolved whether manpower programs are addressing a cyclical rather than structural problem, whether they are targeted for people or for places, and whether their aim is to provide palliatives rather than cures. According to the legislative statement of purpose, CETA is intended "to provide job training and employment opportunities for economically disadvantaged, unemployed or underemployed persons which will result in an increase in their earned income, and to assure that training and other services lead to maximum employment opportunities and enhance self-sufficiency." These are fine words, but too vague for federal or local policy formulation. The unemployed, underemployed, or disadvantaged may be suffering from either short-term or long-term problems; and different sections of the law define eligibility in different ways to differentiate between the structurally unemployed and the cyclically unemployed. Increases in earned income can be achieved through temporary subsidized jobs, placement and job access strategies, remedial band-aids, or significant enhancement in individual skills and abilities. The gains may reflect increased labor force participation, stabler employment, better pay, occupational mobility, or a combination of all of these. The gains may be temporary, durable or even cumulative.

The relative emphasis on structural and countercyclical goals has changed from year to year, reflected in the violent fluctuations in funding levels for different activities. Between fiscal 1975 and 1976, the increase in job creation expenditures (measured in constant dollars) equalled 90 percent of the cumulative increase since the beginning of the War on Poverty. Between 1977 and 1978, the increase in a single year was again equal to 90 percent of the cumulative increase in all preceding years. The constant dollar declines in the next two years erased three-

fourths of this growth even though the aggregate level of unemployment hardly improved. At present, there is a general consensus that countercyclical job creation is wasteful, but public opinion changes rapidly, and if there were a sudden increase in the unemployment rate, there would be a temptation to reinstitute job creation alternatives.

Such staggering fluctuations in funding and activity mix have ruptured the delivery system. Any private sector business doubling in size every four years would have growth pains, but if the product mix were substantially altered each time without warning, while the organizational structure and accounting procedures were constantly changing, there is no way it could perform effectively. This is what has been asked of the employment and training delivery system.

However, growth and change are not the only problems. There are parts of the system that are designed and operated as if addressing short-term problems, although structural problems are supposed to be their objective. Resources are allocated according to relative unemployment rates and, as a result, there are dramatic year-to-year fluctuations in local activities even when the aggregate funding levels do not change, and even though structural problems do not fluctuate significantly over the short-run in either absolute or relative terms. Local prime sponsors are required to plan, contract, and deliver services on a year-to-year basis. Unspent resources at the end of the year are subject to reallocation.

This scenario affects all aspects of operations. It leads to programs of the lowest common denominator--those with the least complexity that are extensions of existing efforts and which can be expanded or reduced with little problem. The interventions selected are short-term so that they can be surged and can have an immediate impact. Such projects rarely consider multi-year or longer-term sequences for individual participants. Sequences could only be arranged by the prime sponsor by linking together separate activities, but each of these has very uneven enrollment patterns dictated by annual funding schedules. The staffing patterns are also affected. Only certain types of persons are willing to live with the uncertainty or can be found on a moment's notice. Usually, they are uncredentialed, ready to leave for other jobs, undermining stability of program delivery. Finally, the stop and go pattern, and the annual division of spoils among competing claimants, almost foreordains the use of existing community resources rather than the development over time of improved training programs, since their continuity cannot be guaranteed.

This approach to local CETA programs is in marked contrast to that for Job Corps. Each center is considered a federal investment with planned capital improvements over a multi-year period. Corpsmembers constantly upgrade the centers through work activities which teach vocational skills. Job Corps operational contracts are for two years with the possibility of extension for another year if performance is adequate. In the expansion of Job Corps in 1977-1980, careful attention was given to balancing the geographic distribution of centers, building up capacity for serving special needs populations, and diversifying training by the establishment of a range of advanced career training offerings. This was only possible because of the long-term focus and stable direction of the program. The best and most stable prime sponsors also have such a long-range institution

building focus, but this is despite rather than because of the design of the planning and funding system for local programs.

Perhaps even more basic is the fact that funds are distributed to areas according to need. Jurisdictions with the fewest jobs and with the largest shares of their populations in need get disproportionate funding. These areas, faced with massive job deficits, are least able to invest in the long-term because of the immediacy of problems and the burdens of managing massive job creation activities; their developmental institutions are usually overburdened and the payoff of training is most questionable because there are few jobs for those trained. In some cases, such prime sponsors have been unable to spend their resources, in which case the dollars are reallocated to the better spenders, usually those whose problems are less severe, or those whose activities are even less ambitious, and therefore easier to mount. Resources allocated to states have generally been redistributed to subareas based on need. Suburban and urban areas are offered mild encouragement to form consortia which will encompass whole labor markets, but they are then permitted to design activities which merely composite separate programs for separate residents rather than providing training and jobs where the opportunities are greatest (usually the suburban areas) for residents of the less affluent areas within the labor markets (usually the core cities). Finally, national programs other than Job Corps have generally been used to support community-based groups and unions in the delivery of localized services, diversifying offerings or increasing equity, but rarely aiding in mobility or providing anything which could not be developed locally. In other words, allocation to places has taken precedence over the most effective services to people. National programs, consortia, state activities and reallocated funds should all be used to encourage training and employment in areas where the opportunities are greatest for residents from areas where the opportunities are most limited. Instead of leaning against the wind, CETA has accepted, perhaps exacerbated, the status quo by its strictly localized focus.

CETA or its successor should be addressed exclusively to structural problems. It should be targeted to people not just places. It should aim to provide long-term cures rather than short-term palliatives. Thus, the legislative purpose of CETA or its successor should be reformulated (1) to provide employment and employability development activities for youth which will assure an equal opportunity to gain the basic competencies required in the competitive labor market; and (2) to provide adults suffering from persisting labor market-related hardship the training and other remedial services of adequate intensity, quality and duration to assure, as a minimum, the capacity for self-support, and to offer, as far as possible, opportunities for substantial career advancement commensurate with individual ability and commitment.

To achieve this purpose, several fundamental changes would be required. It is not enough to merely abandon the job creation titles of CETA and to continue with all the other requirements. Achievement of the structural mission requires realignment of the entire system including planning, management information, regulations, allocation formulae, eligibility rules, and most critically, funding stability. Uniform eligibility and allocation formulae are needed which focus on economic hardship--the longer-term problems of individuals rather than just their cur-

rent status, and the structural problems of areas, not just their transient unemployment difficulties. Employability plans for individuals would emphasize long-term as well as short-term aims, i.e., indicating the advanced opportunities for which they might compete and the performance standards in the immediate offerings which would serve as the basis for this competition. The sequencing of program components, based on performance at each step, would be encouraged. "Opportunity tracks" of advanced training and career access opportunities would be developed over time and maintained with links to the current short-term activities. All resources not allocated to, or not spent by, local areas would be used to provide opportunities for training and employment wherever these could most effectively be provided but reserved for persons from areas where the structural problems are most severe. Aggregate funding targets would be established for the long-term, with two-year advanced funding facilitating a two-year planning and contracting cycle.

Mainstreaming

Most of our nation's formal training is provided in post-secondary schools and colleges. Public expenditures for secondary, vocational and higher education were on the order of twenty times greater than the best guess of private sector expenditures for formal training in 1980, and over seventy times greater than CETA training outlays for the disadvantaged.

The mainstream system of preparation for work has several predominant features. First, it is a system which maintains standards at each level for the quantity and diversity as well as the quality of inputs. Second, it also maintains standards for individual progression through the system, with minimum requirements for graduation from any level, and more refined measures of performance that can be used in assessing qualifications for movement to the next level. Third, the system is self-contained, with built-in ladders and pathways so that performance at one level determines the probability and direction of transition to the next. The payoffs for completing any given level and the promise of the opportunities at the next provide motivation for individual performance. Fourth, the system sorts individuals so that, on average, those who advance are better able to meet the requirements of the next level than those who do not. Fifth, there are a number of second chance options such as alternative schools, less demanding colleges or two-year institutions, in order to allow for the fact that the sorting does not work perfectly. Finally, the system provides credentials which are recognized in the labor market, and these credentials are supplemented by more detailed information about the institutions or the individual's performance in them which provides a further basis for assessing ability.

Most of the problems in this mainstream system are related to deviations from these principles--deficiently trained teachers, grade inflation and automatic promotion, unequal chances of advancement for persons of like ability, sorting on the basis of factors unrelated to performance, the lack of adequate second chance options, and the resulting debasement of the diploma as a credential for judging past and potential performance.

The local training and remediation system for those failing in or failed by these mainstream institutions operates by a completely different set of principles. There are no system-wide specifications of course content or personnel qualifications. Expectations and measures of participant performance are minimal, and, strict completion standards are the exception rather than the rule. For most participants, the primary activity is prescribed at entrance and is a single experience followed by termination. Because there are no higher level opportunities within CETA allocated on the basis of performance within the system, and because allowances often equal or exceed the starting salaries in potential jobs, there is little incentive for the more able to work harder and accelerate learning. Sorting is discouraged. Although early leavers tend to be the less employable among trainees, the allowance system encourages participants to remain in training even when they are not performing, and the management information system penalizes projects with high termination. Consequently, completion of a CETA training program does not mean much to employers unless the training is secured from a mainstream institution with its own reputation and standards, or achievements of participants are referenced to some outside credential standard such as the GED.

There are several reasons why principles and practices of the remedial system are so divergent from those of mainstream institutions. One is ideology--the belief that individuals who have failed in or been failed by the schools and the labor market need success not reinforcement of previous failure. Sorting is resisted on the grounds that identification of "winners" also requires identification of "losers." Manpower programs emerged in the 1960s as a "piece of the action" for institutions and individuals left out of the mainstream, so that different principles were adopted as a rationale for a separate system. Remedial training activities on a major scale are only two decades old, and delivery personnel have not yet been professionalized and standards for local activities have not been developed, as they were, over time, in the more stable and mature vocational education system. The uncertain financial support provided for remedial training, and the emphasis on day-to-day operations and "body counts," has discouraged the development of an institutional infrastructure. Short-duration, "one-shot" courses are dictated by the planning, contracting and funding cycles. Local systems could not mature because of the frequent changes in policy, fluctuations in resources and the hurried pace of growth.

With its principles so at variance with those of mainstream institutions, the local training and remediation system has difficulty in establishing linkages. Only a portion of its participants can meet entry standards without remediation, but CETA's focus has traditionally been just this first remedial step. Courses may be purchased from local institutions, but these often amount to a special class for CETA enrollees, frequently of shorter duration and with lower standards.

Job Corps is the exception. It was designed to parallel and link with mainstream institutions. It has competency-based vocational and educational programs that document individual achievement, with standards for progress and completion. Job Corps "sorts" in that less than one of three entrants meets completion standards. Advanced career training components provide multiple options all the way up to enrollment in two-year and

four-year colleges, but only to Corpsmembers who prove themselves in the system. Thus, when linkages with mainstream institutions are achieved, success in Job Corps can be, and has been, rewarded. For instance, unions have agreed to apply apprenticeship standards in many of the Job Corps training courses which lead to qualification for skilled craft jobs and acceptance by employers. Similarly, vocational schools, colleges and junior colleges involved in advanced training have awarded credit for Job Corps education and training. The problem is not one of design but of recognition. The Job Corps is relatively small and its centers are isolated, so that employers and institutions may not be familiar with the Job Corps approach.

There is no conclusive evidence but no real doubt that participants in remedial programs are more likely to succeed in the labor market if they can be trained in mainstream institutions and participate according to mainstream principles. Almost any employer will credit completion of a year's training at a local community college or a recognized proprietary training institution higher than a year's training in a program established by CETA. The CETA reference alone may have negative connotations, and a participant supported by CETA to go to a local mainstream training institution might do better by disguising this sponsorship.

Some doubt that CETA eligibles can effectively navigate in the mainstream, but the evidence suggests that they can, with a little help. In May 1981, 1,800 of the 42,000 Job Corpsmembers were enrolled in post-secondary institutions. Over two-thirds of those who had been enrolled the previous year returned--a rate equalling that of regular students in the institutions. These youth would not have been in college without this assistance. Less than half a percent of a comparison group for 1977 Job Corps participants were in college in 1979. In a structured experiment to test a GI-Bill voucher approach as an alternate treatment strategy for CETA-eligible youth, only half of the control group attended college the next year, compared to nine-tenths of those provided tuition and expenses, as well as counseling and other assistance. Among the experimentals, four-fifths of those who attended college were still enrolled through three semesters compared with only half of the controls who originally matriculated. Those participants who were in the cohorts receiving educational and personal counseling had better retention than those simply provided financial support. ^{4/}

Some argue that mainstream institutions will not serve the disadvantaged, but there is no question that opportunities will be increasing. Unlike the 1970s when enrollment in two-year post-secondary institutions almost doubled from 2.2 to 4.2 million while enrollment in four-year institutions rose from 6.4 to 7.2 million, the enrollment in two-year institutions will decline to 3.8 million by 1988 unless there are changes in attendance patterns, while enrollments in four-year colleges will decline to 5.7 million. ^{5/} Excess capacity will generate increased interest from mainstream institutions. It is important to take advantage of these resources.

Congress has encouraged the use of these institutions through an emphasis in the law on cooperation and linkage. However, the real obstacle is not the relational process, but the fundamental mismatch between the

principles of the mainstream and remedial systems. In order to fully and effectively utilize mainstream institutions, CETA will have to bring individuals up to normal entry standards, which, in turn, will require a two-tier approach, providing advanced offerings but only to those who demonstrate the motivation and ability in the first tier and come up to standards. The system now focuses primarily on preparation for and placement in low level jobs without providing the more substantial opportunities which are possible and needed. The remedial system will be more acceptable to the private sector, and the credentials it provides will yield more payoff, if it operates like mainstream institutions.

Deemphasizing Income Maintenance

Employment and training programs began their rapid expansion as part of the War on Poverty, and income maintenance has always been one of their primary objectives, even though the rhetoric has emphasized future earnings improvements. For classroom training, the transfers are clearly identifiable. Allowances represent over two-fifths of the cost of local training, with trainees receiving the minimum wage for hours of participation plus reimbursement for extra costs of participation. Unemployment insurance recipients have their weekly benefit subtracted from this allowance. Welfare recipients receive \$30 above their weekly welfare benefit plus expenses, rather than an hourly allowance. The transfer is not so identifiable but still substantial in other activities. For on-the-job training, participants are usually paid the going wage for the entry job to which they are assigned even though their productivity may be below average. It is difficult to estimate the gap between the productivity and learning rates of CETA trainees and other entry employees, although the assumption, stated in regulations, is that the OJT payment, usually half of the wage, covers this differential. In subsidized work programs, the difference between the usual minimum wage paid and the productivity of enrollees represents income maintenance. For instance, for a variety of youth programs it is estimated that the work activities return between \$.30 and \$.70 worth of value added for each dollar paid.^{6/} The income transfer is, thus, between 30 and 70 percent of the wage bill. In some programs such as public service employment, where skilled but unemployed workers are hired, the value added may actually be higher than the wage paid. On average, though, when work experience is provided to persons of limited employability, there is an element of transfer.

There are several justifications for these income maintenance elements. Training and work are constructive activities, returning future benefits in the first case and immediate benefits in the latter. From a social perspective, income transfers through training and work are more fruitful, less expensive, and therefore more politically acceptable, than subsidization of idleness. Many trainees could not afford to participate or would not be interested unless their income needs were met. For classroom training, the use of the minimum wage as an hourly allowance makes training as attractive as work (or even more attractive since allowances are not taxed). Also, minimum allowances and earning floors protect against erosion of competitive wage levels.

There are also several arguments against income maintenance, at least as structured under current law and practice. More persons could receive work or training if the income maintenance elements were reduced. The allowances or wages are inherently inequitable, since opportunities are available for a small minority of the poor who are then usually lifted far above the poverty threshold by participation. Where the cash benefits of training or work are more attractive than the options in the labor market, participation may be encouraged even though training is not desired or the experience is not needed. Likewise, the differential may produce an incentive to remain in a program rather than to transition quickly into the labor market. When a minority of trainees participate only to get the income transfers, it can detract from the quality of the training for others. Work experience requiring less than "a day's work for a day's pay" may create unrealistic expectations and complicate adjustment to the competitive labor market. Finally, a high allowance floor limits the resources and range for incentive mechanisms.

The evidence provides some perspectives on these issues. Individuals lacking the resources for minimal subsistence would surely find successful participation difficult, and this absolute level of need is probably best defined by the poverty standard. As a result of eligibility requirements, almost all participants in classroom training have an annualized income over the last six months which is below the poverty threshold or 70 percent of the BLS lower living standard, or else they receive welfare. Their average annual poverty deficit--i.e., the amount needed to bring their income up to the poverty threshold (based on income recorded on CETA intake records, estimates of welfare benefits which are not counted in determining eligibility, family size at entry and the poverty levels associated with these size categories) was between \$2000 and \$2500 in fiscal 1979. It would be even less if account were taken of the food stamps received by a fourth of participants (in fiscal 1979). ^{7/} A minimum wage allowance in 1979 for 35 hours weekly of classroom training equalled an annualized \$5300 in untaxed income, with up to another \$1000 available for dependents. In other words, the allowance would be between two-fifths and half as large if the aim were merely to assure all participants a subsistence (poverty) standard of living during participation.

Granted that no one gets rich by enrolling in a training course, the issue remains whether the scarce resources have been husbanded sufficiently or divided equitably. Some people have been denied training because their income was barely above the poverty level; others a few dollars below the threshold enrolled and received allowances which moved them substantially above the poverty level. In the case of welfare recipients, however, it is assumed that the public assistance benefits meet needs, even though these benefits are substantially below poverty levels in most states. Recipients are provided \$30 per week in addition to their normal benefit as an incentive to participate. Thus, a person from a family with exactly the same income from sources other than public welfare would receive an allowance three or four times as large as the stipend to recipients.

Does lesser income preclude the successful participation of welfare recipients? Single parents who apply to CETA are more likely than others to be assigned to classroom training (38 percent versus 30 percent in 1980), AFDC recipients stay longer in training (33 percent of 1977 class-

room trainees who were recipients stayed 180 days or more compared to 31 percent of all participants), and have a dropout rate only slightly above average (27 percent versus 24 percent for 1977 enrollees) despite the longer duration of their scheduled training. ^{8/} In other words, it does not appear that the lack of the full hourly allowance is an impediment to participation, even for the group which has the greatest family responsibilities.

Job Corps takes another approach. Its total transfers were estimated at approximately \$3000 per Corpsmember year in fiscal 1977, but the monthly allowance and readjustment benefit accounted for less than a third of this total. The current allowance on entry is \$40 per month, but this rises to as high as \$100 per month depending on length of stay, as does the readjustment allowance which is available upon termination. Job Corps has been able to fill its centers, even though it provides less cash in the pocket, because it offers a meaningful option to what is available locally. The incentives are unquestionably one of the factors contributing to longer stay.

If the allowance in local classroom training were reduced by half, it would mean roughly a one-fifth reduction in per participant costs. Training programs might also economize by registering participants for the welfare benefits to which they are entitled. One-sixth of classroom training entrants in fiscal 1980 were eligible but not receiving public assistance at application, and many more were eligible for but not receiving food stamps. ^{9/} The preferred payment might be through an allowance, but the source of the funding might better be the income maintenance programs if the aim were to maximize the amount of training with the scarce resources targeted for this purpose. Rational local decision-makers would prefer to avoid registration since they share in local welfare costs while the allowances are totally funded by the federal government. Likewise, they would prefer to place recipients in work experience, since the wages offset welfare payments while the allowances do not.

The level of allowances obviously affects the payoff of training from a taxpayer's perspective. Under the most reasonable assumptions, the taxpayer benefit-cost ratio for classroom training was estimated to be .73 for 1976 participants. If allowances were reduced by half, the ratio would rise to .91. Under more liberal assumptions about the continuance of post-program gains, the higher estimate of the taxpayer benefit-cost ratio were near the breakeven point under the current allowance approach, but would rise substantially above it if allowances were paid up to the poverty level rather than on an hourly basis. Allowances are not counted as costs in social benefit-cost calculations, since they are a transfer from nonparticipants to participants, but the same public expenditure would produce more social benefits if there were no allowance payment and more individuals could be served.

The evidence that allowances attract and hold participants who have little desire for training is circumstantial. There have been no careful tests of alternative formulations, and the few unstipended activities have usually been short-term and in competition with stipended approaches. ^{10/} However, the circumstantial evidence is compelling. Among fiscal 1976 classroom training entrants, only 37 percent were employed 12 months prior

to entry and 20 percent one month before entry. With the allowance providing a minimum wage income or an incentive supplement to welfare payments, it is clear that at least four-fifths and probably more received a higher income in-program than one month prior to entry, and at least three-fifths received more than they had before any temporary problems were encountered. Likewise, the post-program employment rates were 42 percent one month after termination rising to 54 percent one year later, i.e., nearly three-fifths received more income during participation than they could and would immediately afterward, while nearly half received more than they would one year later. ^{11/} It would certainly be understandable if persons lingered in training and if delivery agents were reluctant to terminate participants with inadequate performance.

The effectiveness of allowances structured as incentives has not been tested, but certainly the logic is compelling. If each trainee in fiscal 1976 were provided a \$100 bonus for finding immediate employment in a training related job, there would have been a "windfall" for the 42 percent securing employment without the bonus, but the \$4200 for every 100 participants would have been more than offset if just one more of the remaining 58 per hundred got and kept a job for one year at the average immediate post-program earnings of \$6700. The economics are even greater if self-placement can substitute for institutional placement. For instance, Employment Service costs per placement averaged \$160 in fiscal 1980. The evidence of the success of low-cost job search assistance suggests that this activity coupled with placement bonuses for classroom trainees could probably make a substantial difference in placement rates and placement costs. On the other hand, incentives for staying only make sense if there are completion standards and the bonus is based on competency attainment, not just staying. All incentives need not be financial. If career training opportunities were allocated based on performance in short, basic-level training activities, a lower incentive bonus might be used because the opportunity itself could provide motivation.

The savings to be realized by paying lower wages to participants in work experience and OJT are potentially substantial, but there are several issues which must be addressed. If work experience were targeted to those with no recent employment and with extremely limited skills, the principle of a learner's differential--which is already contained in the Fair Labor Standards Act--would certainly make sense. If the work experience were structured as training, then part of the payment (up to the level of output of the participant) might be charged to wages and the remainder to allowances structured as incentives for performance and self-placement rather than paid for hours of participation. The mechanism for lower wages in OJT would be a "try-out" period in which the individual would be stipended by CETA as a training participant, receiving allowances rather than wages. The individual would not be an employee of the company and would not undercut wages. A reduction in wages for subsidized work which offers no training or employs those who could do the same work without training is certainly not reasonable. A requirement for remediation as part of all work experience, the use of work experience to identify training candidates, and a time limit on the allowance element in work experience would help to protect against abuse. On-the-job training at lower wages is inequitable if, as is usually the case now, the individuals

placed are very closely matched in experience to the requirements of their jobs. But the try-out approach should permit the assignment of more disadvantaged participants since the uncertainty and risk are reduced for the employer. These safety features must be implemented as part of any changes in income maintenance approaches. Moreover, any reduction in allowances or wages will reduce the benefits to participants, and even if reductions are warranted from the taxpayer's perspective, they are only justified from a social welfare perspective if the savings are used to serve more individuals, to provide incentives for performance or to assure expanded training opportunities.

Penny Wise, Pound Foolish

A major policy issue is whether to invest intensively in a few individuals or less intensively in larger number. Because of scarce resources, this rationing decision is unavoidable. The national impact data suggest that there are very substantial payoffs to longer term classroom training. The income gains relative to controls for 1976 participants were nearly four times as great for those staying 21-40 weeks as they were for those staying 11-20 weeks, and more than six times as great for those staying over 40 weeks. The evidence suggests that participants who are less employable and, in particular, black males, gain more from OJT than from any other intervention, so that this approach may make the most sense for persons most likely to be excluded from primary labor market jobs. Even with OJT subsidies, however, it will be difficult to market such individuals to employers unless their employability is first enhanced. Is longer-term classroom training, then, the answer? Can OJT be arranged so that less employable or higher risk persons can be placed after remediation? There are several factual and normative issues that must be addressed before reaching judgments on these questions.

While the comparison of average individual gains of long stayers versus short stayers strongly argues in favor of long-duration classroom training, a more appropriate perspective may be the total gains of trainees from different duration-of-stay combinations. Several persons can be trained short-term for every one trained long-term, and while the individual gains may be less for the short-timers, their combined gains might be greater. If it is assumed that the cost of training is directly proportional to the weeks of training, then for every 100 persons receiving over 40 weeks of training (with an assumed average of 50 weeks), 167 could be served in the 21-40 week category (with an average of 30 weeks) and 333 in the 11-20 week range (with an average of 15 weeks). Based on the gain estimates for fiscal 1976 classroom training enrollees (leaving by the end of calendar 1976), the differential in total gains is less than the differential in average gains. Significantly, however, the payoff of longer-term training remains substantial: 12/

	Short-term trainees (333)	Intermediate- term trainees (187)	Long-term trainees (100)	Gains of moderate-term trainees as percent of gains of short-term trainees	Gains of long-term trainees as percent of gains of moderate-term trainees
Average gain relative to controls in 1977	\$ 293	\$ 550	\$ 1,589	188	289
Average gain relative to controls in 1978	244	998	1,384	368	154
Average gain relative to controls in 1977 and 1978 combined	537	1,448	2,973	270	205
Aggregated gains relative to controls in 1977	97,569	91,850	158,900	94	173
Aggregated gains relative to controls in 1978	81,252	149,966	138,400	185	92
Aggregated gains relative to controls in 1977 and 1978 combined	178,821	241,816	297,300	135	123

To the extent longer training pays off, it is important to determine whether participants will stay long enough to complete. The evidence suggests that the limited duration of CETA classroom training has not resulted primarily from high dropout rates. Among fiscal 1977 classroom trainees, just a fourth of those who reported on completion status considered themselves to have been dropouts. A third of these self-described completers participated for more than six months and 15 percent for over 9 months, which was little different from the 27 percent and 13 percent respectively among all participants. Conversely, 34 percent of self-reported completers stayed less than 90 days, only slightly below the 38 percent of all trainees. In other words, the distribution of actual training duration was not markedly different from the distribution of planned training duration. Significantly, most dropping out occurred early. Forty percent of self-described dropouts left the program within two months; past that point the dropout rate was relatively constant. Put another way, if a participant stayed more than two months the chances of completing were four in five.^{13/} This suggests the possibility of two-stage training, where the initial two or three months are used to identify those seeking and likely to succeed in longer-duration training.

Dropouts as share of classroom
trainees reporting on completion
status (fiscal 1977 entrants
into classroom training)

Length of stay

0-60 days	41
More than 60	19
More than 90	19
More than 120	17
More than 180	17
More than 270	15

Factoring these dropout patterns into the simple model would increase the relative benefits of longer training. Each time an 11-20 week slot is refilled, the high probability of early leaving is faced again. The extension of the 11-20 week slot to a 40 week slot will mean fewer new entrants and a lesser percentage of early leavers. If those who drop out

from longer training, say, during the 21-40 week period of a 50 week training program, experience the same gains as persons scheduled for 21-40 weeks of training, then a longer scheduled period of training would almost always pay off. Multiple stages of training would help to assure this result.

The experience in Job Corps provides confirming evidence. The chances of completing a vocational program are 30 percent among all entrants, but among those staying more than 90 days, the chances increase to 50 percent. For all enrollees the average duration of stay is 6.0 months. For those who stay more than 90 days, the average is .9 years. Where advanced programs are offered which represent significantly better opportunities, and where individuals compete for and must prove themselves to get into these components, the dropout rate is extremely low. For instance, in the Job Corps advanced career training for computer customer engineers and operators--an eighteen month combination of work and training with guaranteed high salary jobs for completers--nearly nine of ten finished the training. In the advanced program in junior and community colleges, the length of stay of enrollees was substantially longer than that of other Job Corps enrollees staying more than 90 days while the retention rate in college equalled that for students in the schools in which they were enrolled. ^{14/} These advanced components required at least 90 days participation in Job Corps, so that the early leavers were screened out. It appears, then, that the two stage approach does work.

Even if the extra immediate post-program earnings for short-term trainees cumulated to those of the long-term trainees, there are several reasons why the "quantum leaps" for fewer individuals might be preferred. For instance, 167 persons might be trained for an average of 15 weeks with two-thirds of those completing training and gaining \$100 each in earnings. On the other hand, 50 persons might be trained for an average of 100 weeks, of whom only a third would complete but with gains of \$770 each. Nominally, the benefits and costs would be the same. But society would have 83 more welders and entry clerical workers in the first case while the second case would mean that it had 17 machinists or executive secretaries. The economy would probably be better off in the latter case if this meant filling skill shortages and helping to ease bottlenecks. Put another way, there is a fair chance that the short-term trainee is displacing a like person who would otherwise be getting the entry job, while there is less chance that the longer-term trainee would be displacing anyone, much less a peer, from a more skilled opportunity. In theory, it is also more likely that the longer training, if it provides a credential or a chance to enter and compete equally in a career track, would have greater continuity of benefits. The preliminary evidence offers only partial confirmation. Benefits increase between the first and second post-program years for 21-40 week participants in contrast to those with shorter training, but they fade out somewhat for persons with 40 weeks or more of training. For women, however, the gain from longer training apparently increases over the post-program period. ^{15/}

Another reason for longer training aimed to produce substantial career advancement is that it can be used as an incentive for performance in shorter training, just as the chance to get into a prestigious college is an incentive to maintain grades in high school. There is no reason to

believe that the disadvantaged will respond to opportunities any differently, and the limited evidence supports this view. In Job Corps, for instance, the attendance and completion in on-center GED programs increased when the advanced program in colleges and junior colleges was introduced with the requirement of a diploma or GED before entry. Likewise, enrollees in Job Corps centers with more input into the college program indicated that they planned to stay longer in order to get into the advanced program. ^{16/} This incentive effect will only occur if there are enough advanced options, if they are attractive, if assignments into them are hinged on performance, and if the options and performance requirements are made known to enrollees. If more advantaged participants are simply assigned at entry to the advanced courses, there is no incentive effect. Thus, it is necessary to integrate second tier with first tier opportunities if there is to be a synergy.

For OJT, the duration of stay is not the issue, but rather the differential between the experience and credentials of the participant and the minimal requirements of the job to which he or she is referred. The best approach would appear to be a combination of work experience and OJT, or classroom training and OJT, i.e., where the performance in a primary component would be used to identify potential as well as to improve skills up to the level required for entry and success in the on-the-job training. Unfortunately, this coupling of activities is rarely used. Only 2 percent of 1976 participants were enrolled in a combination of classroom training or work experience and OJT. ^{17/} Another approach would be to let the employer try out the participant before making the hiring decision. In either case, it would then be possible to increase the differential between measurable characteristics of the participant and the normal entry requirements of the job without increasing the risks for the employer.

A Focus on Competencies

Competency-based approaches for education, vocational education, and employability development, seek to identify knowledge or skill "building blocks" and to arrange them hierarchically according to importance, difficulty, and pedagogical sequence. Learning and experiential activities are organized into units paralleling these competency clusters and hierarchies. Measurement information systems are formalized to assess skill or knowledge attainment and to track mastery of the building blocks. Step-off levels are identified where meaningful certification can be provided for mastery of the subsumed competencies for those not advancing further.

Most remedial and special education curricula are competency-based. In mathematics, they usually begin with addition and subtraction of whole numbers, multiplication, then division, fractions, decimals, and so forth. Addition is necessary before multiplication is possible, and multiplication is necessary before long division can be accomplished. To teach addition, as well as each of the subsequent competencies, there are tutorial materials, as well as sets of drill and practice exercises. Mastery of addition is tested by the ability to correctly answer a variety of problems, and progress to subtraction does not occur until addition skills are mastered. Likewise, remedial reading and language arts systems usually

define clusters of skills or "strands" such as vocabulary, antonyms and synonyms, word usage, interpretation, and the like. Each strand has its own building blocks of lessons and tests. The building blocks in each strand are scheduled so that advancement along each strand provides the competencies needed to master competencies at the same levels in other strands. The levels can be set so as to parallel grade-level norms in the schools. GED instruction is based on a clustering of high school competencies into five functional areas. A uniform national test, with five subparts, is used to measure initial skills in each category and lessons are structured to overcome test-measured deficiencies in any of these areas. There are a set of practice tests which can then be used to assess progress with the lessons, and when they are passed, the full GED test may be taken. Each state will grant a diploma to nongraduates who achieve adequate scores on each of the subtests, and an average for the total tests, as determined by varying state standards.

Competency-based vocational training curricula have been developed in almost every occupation. As an example, competency-based courses in carpentry usually begin with lessons concerning safety, terminology, tool usage and care, and the understanding of sketches. The next cluster may include laying-out and grading foundations, and might then advance to clusters of lessons concerning framing, roofing, exterior work, interior finishing, and finally remodeling. There may be several building blocks in each of these clusters. An entry carpenter might need basic knowledge in each of these clusters. An advanced carpenter might need a higher level of skills in each cluster. Skills are usually assessed by knowledge tests, but also by the successful completion of designated tasks.

There are also some competency-based approaches for basic life skills training and employability development. For instance, some curricula subdivide basic life skills into areas such as consumer skills, citizen's rights, job application and job search techniques, career knowledge, and the like, with lessons designed to achieve each of these clusters of skills and with written tests to measure skill or knowledge mastery.

The various alternative competency-based education, vocational training and employability skills systems differ in the specificity and clustering of their building blocks, the design of the knowledge/skills hierarchies, the segment of the hierarchy to which they are directed, as well as the number and types of tests or tasks to demonstrate competency attainment. They also differ in the lessons and activities which are developed to provide each identified competency.

The setting in which they are applied also varies. At the extreme is the Job Corps education approach. All Corpsmembers operate within a uniform system, all materials in Job Corps are referenced to the same standards, all individual options within Job Corps depend on progress within this system, and individual teachers and centers can be judged relative to their ability to move students forward in this system. In most other settings, the competency-based approach is less comprehensive. One in five high schools in the nation requires seniors to pass an individual competency test. Some states and some local school systems have adopted competency systems for the kindergarten through 12th grade levels which dictate the skills required to move from each grade to the next and they

have restructured curricula to focus specifically on these competencies. Most employ a single competency test which seniors must pass to graduate. Two of three schools with competency tests for graduation have at least some special remedial courses developed to overcome specific deficiencies as measured by these tests. In many other cases where there are no competency standards overall, a competency-based system may operate alongside regular classroom instruction. For instance, students may spend some of their day in self-paced computer-assisted instruction systems based on competency hierarchies, but participate the rest of the day in a regular classroom where progress is graded relative to class norms. For vocational training, there are a few occupations such as radiology or nursing where licensure requirements serve as the reference points for the competency standards. Apprenticeship involves the specification of the skills which must be mastered and provides the framework for competency-based instruction in apprenticeable occupations. The apprenticeship standards and training requirements for each occupation vary from state to state, but the systems for any given occupation have a great deal of similarity. In most applications, however, competency-based vocational training systems are restricted to a single delivery institution or set of institutions. Some public and many private for-profit institutions structure their training to "meet the needs of industry," i.e., they determine their competency hierarchies and the step-off levels in conjunction with representatives of the private sector. However, such efforts are usually ad hoc.

Competency-based systems have several inherent advantages: First, they usually involve individualized, self-paced learning. This has pedagogical as well as operational attractions. Individualized systems make sense for those who can progress faster or cannot progress as fast as norms. Where individualized systems are in place, it is not necessary to segregate the slow or fast learners in special classes in order to meet their needs. Many students learn more easily when lessons are organized in "bite-sized" chunks which provide positive reinforcement each time one is mastered. Some individuals can do better when compared with their own abilities rather than classroom norms which compound their inadequacies. Such systems help to identify when skills are not mastered so that remedial attention can be concentrated when and where it is most needed. In a regular classroom a student may sit quietly for a semester and never learn anything without this being noted; a unit approach provides continuing indication of effort and accomplishment.

Second, in any system which serves those who have severe income and earnings problems in need of immediate attention, participation cannot be scheduled on a semester basis. Instruction needs to be open-entry and exit. Participants will vary widely in capacity, so that any remedial system of instruction must allow entry at the level of ability. Remedial treatments are voluntary rather than legally enforced like school attendance, and the disadvantaged may have many problems that interrupt their courses mid-stream. A competency-based system is ideal since they can return later without repeating all previously learned segments.

Third, the formalization of a single hierarchy of competencies requires consensus on learning processes and on the skills that are needed for certain tasks or outcomes. This consensus can help to provide legitimacy to the education and training which is provided. There is,

then, some assurance that the individuals who are credentialed or have completed will know certain information and be able to perform certain skills, and that the skills and knowledge are appropriate.

Fourth, where a hierarchical system of building blocks has been established, it is possible to cross-reference materials to the level, strand, or unit to which they are directed, and then to assess their relative effectiveness in helping individuals to master each competency. For instance, in Job Corps where there is one uniform system of strands, levels, and units structuring education efforts, almost all available commercial and publicly-developed materials have been screened for applicability and cross-referenced to this grid. Available for each center and instructor are a range of pre-screened written materials from different publishers, Job Corps-developed lessons, as well as computer-assisted drill and practice and tutorial lessons. The teacher may choose from these options or may develop his or her own. Gradually, experience has been gained about how well each of these different materials works. This information has been used to add to and subtract from the options system-wide, and to communicate insights between teachers and across centers. If each center had its own hierarchy of competencies and competency tests, each would have had to screen and cross-reference materials, and there would be limited transferability of the lessons because the systems would be so different. A standardized reference system is particularly important given the rapid expansion of computer-assisted instruction lessons. In a prime sponsor with numerous delivery agents offering remedial education, it would be impossible to utilize a minicomputer and terminal system unless the reference framework were standardized.

Fifth, the use of a single competency-based system permits better performance assessment and evaluation. Where there is a uniform framework, the entry competencies are known for all individuals, i.e., they are measured against the same standards so that differences in the individuals served by different agents can be more exactly determined in making comparisons. The gains resulting from participation can also be assessed by the same standards, and then weighted in light of the time and cost to achieve these gains. The subdivision into building blocks permits a more refined estimate of impacts than when the only success measure is completion of a benchmark such as a GED--i.e., a ruler which measures in inches will give a better indication of height and its consequences than one which measures only yards, particularly when many of the distances covered are less than a yard.

Standardized and refined measures of in-program changes are particularly important where there are differing service mixes and approaches that produce the outcomes. Marginal increases in educational competencies bear only a modest relationship to immediate employment chances, so that assessing the success of an education component by the placement rate of participants is not very exact. Different agents may be responsible for placement and education. If the former is effective, the latter might appear effective whatever the quality of its instruction and vice versa. Where an agent handles both remedial education and placement, the performance in either component may obscure the performance in the other.

Sixth, the use of a standardized, competency-based framework can simplify the teaching task, permitting teachers to concentrate on meeting rather than diagnosing specific needs, and more on utilizing rather than selecting or developing lessons. This is particularly important where the vocational instruction or education is delivered by staffs which are not well-trained to make such decisions. School and vocational education systems try to assure quality by dictating the necessary preparation of teachers and specifying at least the core materials which will be used. CETA at the local level usually contracts with a multitude of delivery agents, which vary in standards for teachers and materials.

There are several possible drawbacks to competency-based approaches:

First, any system of building blocks and skills hierarchies may not be optimal for all purposes and all persons. As noted, there are several different remedial competency-based systems, each with its own hierarchy, learning strands, and levels. Presumably it could be determined which of these works more effectively, on average, from a pedagogical and operational viewpoint, but none will be optimal in all circumstances. For instance, a competency might not be equally important in different settings. Auto mechanics training in the Southwest would have to give more priority to air conditioner maintenance than a course taught in the Northeast. The educational steps by which most remedial students learn best might not be appropriate for those with learning disabilities. The basic issue is whether the exceptions are rare enough or the basic frameworks flexible enough to allow for specialized subsystems to be cross-referenced or additional measures and treatments added.

Second, any competency-based system requires tests or demonstrations of ability through task performance. There are problems in the accuracy and application of any tests. These are reduced where the tests and the curricula are closely interconnected as in competency-based systems where each unit contains its own test, the accomplishment of a set of units is documented by questions drawn from all of these separate tests, so that trainees become accustomed to test-taking. Yet where curricula provides learning which is not closely related to what is tested, the benefits may not be measured, so that over time emphasis will be placed on approaches focusing narrowly on the tested competencies. Mastery of some competencies cannot be tested but must be demonstrated, which introduces a judgemental element even when there is very clear specification of the tasks and performance standards. If delivery agents are judged by the accomplishments of students, they are likely to generously interpret any standards and an outside checking system may be needed to assure accurate assessments.

Third, competency-based systems usually increase paperwork. Each unit or building block ends in a series of tests or skill demonstrations which must be graded by students or teachers. Level tests must be applied after completion of a set of building blocks. There needs to be a tracking of individual progress through the system. In contrast, there may be only four or five tests a semester that must be graded and recorded in a regular classroom. The real problem comes when competency-based systems supplement traditional approaches, so that the tracking needed for the individualized system is in addition to, rather than an integral part of, the regular

grading and assessment system. The benefits of the competency-based approach increase when it is used consistently, i.e., the curricula is adapted to this framework, and students, teachers, and delivery agents are judged according to performance within this framework. In Job Corps, there is this consistency. In many other systems, however, there are disjunctures. Individualized education plans (IEPs) are required for special populations in the schools, and usually these include competency-based prescriptions. But special education classes most often supplement regular activities, so that students are graded by what they do in regular classrooms, while the individualized approach is a separate, overlaid system. The plans, formats and methods of tracking progress towards achievement of IEP goals are rarely standardized even within school districts so that instructors are not judged according to the relative progress of their students in relation to these plans. Thousands of filing cabinets are full of IEPs (and CETA employability plans) which have little relationship to treatments and for which there is no tracking of outcomes relative to plans or of the steps which led to these outcomes.

Fourth, competency-based systems can be a challenge to traditional approaches and personnel. Much of the training received by teachers and vocational instructors--learning to prepare lesson plans, to survey and select materials, to make meaningful presentations to classes, and to diagnose individual problems--is of reduced importance in individualized, competency-based systems. Teachers used to exerting control over students through class norms and peer pressures may be uneasy in educational settings where students can progress at their own rate and are judged relative to objective standards. The same teachers may not be prepared for nor inclined towards the individual interaction which is a part of competency-based instruction. It is easier to use student aides and para-professionals in a competency-based system, and this may threaten the professionalism of teachers as well as their job security. Finally, the tracking of students' performance by a uniform and objective system facilitates better comparisons of the effectiveness of teachers. No one likes to be under the gun constantly to produce results.

Turf issues are unavoidable where uniform standards and approaches are involved. Everyone may agree with the concept of the individualized competency-based approach, yet some believe that each school district or prime sponsor should establish the framework, others believe that standard-setting should occur at the state level, while there are advocates for the creation of uniform national standards. The issue of debate is whether differences in students or teachers between areas and states require different systems, and whether these differences must be determined locally; but to a large extent, the core question is simply who gets to call the shots.

With the exception of Job Corps, employment and training policy has not addressed content issues such as appropriate standards for delivery staffs and services, the types of materials which are utilized, the competencies which are attained, or the frameworks by which education, training, and employability development are structured and tracked. Each prime sponsor is left on their own, with no stipulations in the regulations nor in the federal plan and performance review process, and with almost no technical assistance. Few prime sponsors have specialists in training,

education, or basic life skills training, even though these are the major human resource development components of CETA-funded local activities. As a result, few set standards or try to track participants relative to these standards. They usually contract with whatever institutions exist locally and accept their standards, if any. It is impossible in such cases to compare the effectiveness of like training activities within a prime sponsor area, much less across prime sponsor areas, except by the post-program results. Yet these are poor indicators of the quality of training since they are dependent on the type of clients served (whose skills at entry are not measured), as well as placement and job access effectiveness (which may vary widely). Each delivery agent must screen all available materials and choose a curriculum, which is a hit-or-miss process when staff has not been trained to make such decisions. Many develop their own lessons, hierarchies and skills building blocks without any test of whether these are better or worse than ones already existing. Job developers and placement personnel then try to market products which vary widely in quality. Employers cannot know what tasks CETA trainees can perform or what knowledge they have attained.

The picture is the same for CETA-funded remedial education offerings. If a community-based work program for dropouts wants to add an educational or employability skills component, the delivery agent must screen all available materials. It will have to set up a system for assessing progress in these materials and establish standards of completion. If the delivery agent were instead provided the Job Corps system or another one like it, it would simply have to test the students to determine their beginning level and try-out the various lessons that have already been pre-screened for each level. Technical assistance materials would already be available on how to use these materials. The uniform competency testing framework in Job Corps is already cross-referenced to SAT, CAT, GED tests, and grade level norms, so that the deliverer would not have to validate separately the quality of its educational activities.

CETA employability skills training, which is usually focused on youth, includes a potpourri of activities. No one knows what an individual has accomplished or learned, and hence the "graduate" is little better off in competing for jobs than the nongraduate. Each pre-employment activity uses its own system of assessing employability skills, so the assessment must be repeated each time the individual participates in another activity.

These shortcomings could be overcome by the adoption of standardized systems for measuring, tracking, and certifying competencies and for structuring CETA education, vocational training and employability skills development activities. For each major occupation of training, the Department of Labor, in conjunction with apprenticeship and vocational education experts, could screen the various competency-based systems and agree on a competency hierarchy spanning from the entry level to the most advanced training level. These would be much like, but improvements on, the Training Achievement Records used in Job Corps. Short tests and required skills demonstrations would be specified. The vast array of existing competency-based curricula in CETA, Job Corps, and vocational education which aim at different levels in this hierarchy and seek to move trainees different distances could, then, be screened for adequacy and cross-referenced so that anyone developing a training program at any level

would be provided the best of the available options. An entering participant in CETA would be given a standardized test of vocational aptitudes and abilities (and the score would be recorded on the MIS intake form). He or she would be assigned a training cluster and would enter at a level based upon already acquired skills and competencies which would be noted as the beginning point on the training record. Training would be offered to provide each of the competencies in the hierarchy, whether through one of the nationally-identified curricula options or a locally-developed one. Presumably, the locally-developed curricula could be divided into modules to parallel the hierarchy, but an alternative would simply be to apply the knowledge tests and performance demonstrations to document achievements in a standardized way, however these were taught. Other skills and specialities could be documented to supplement the training record if the delivery agent were providing more than the minimum training. Thus, all trainees in carpentry in various courses in a prime sponsorship or in the nation could be pegged according to where trainees started and how far they advanced. As part of the monitoring process, the prime sponsor could spot check whether trainees could indeed perform as indicated by the training record, thus assuring that competency standards were maintained. Each prime sponsor or perhaps each state, in conjunction with employers, could determine the levels or step-off points which would be certified. Some might choose to put greater emphasis on a particular competency by adding more detailed standards to supplement the national framework. The national system would presumably be consistent with the usual apprenticeship and licensing requirements, so that at the state level, it could be determined which of the skills and activities had to be acquired to achieve an apprenticeable level, and any additional requirements that would have to be added to meet special state expectations.

In basic reading, mathematics and language arts, up through the GED level, a uniform competency framework would be much like, but an improvement upon, the Job Corps educational system. Each participant in CETA would be given a short, standardized reading and mathematics test at entry. The scores would be part of the record, along with other demographic information, since educational competence is a major determinant of employability. Participants in need of remediation would then be placed within an educational component at the level of demonstrated ability, and their advancement through standardized competency levels would be tracked. The end point would be noted on the management information system as an outcome. Experts could (as they have done to date for Job Corps) screen and cross-reference the vast array of available competency-based commercial and public curricula (including CAI lessons), providing options for each of the standardized building blocks (and, perhaps, purchasing in large quantities certain of the best materials which could be provided as a core program if prime sponsors chose to utilize it). In such a system, each state would determine the step-off points, just as they do now on the GED test by setting the average and individual score requirements for the five GED subtests. In fact, the GED categories, practice tests, and related instructional materials would be integrated as the cap in the national system, since they have already been adopted by all states and are used in Job Corps. But it might also be possible to identify a "basic skills" step-off point lower than the high school diploma level which would recognize acquisition of some of the basic academic abilities expected by employers even for entry jobs. This makes sense since many of the dropouts

who participate in CETA cannot be brought up to the GED level, but can at least master these elementary skills.

A competency-based employability skills framework would define and cluster the knowledge and skills needed to enter the world-of-work. One of these clusters could be the "basic skills" certification just mentioned. Others might include consumer skills, citizen's rights and responsibilities, job search skills, and occupational decisions. Acquisition of competencies in each of these areas might be tested but would also necessarily include the successful completion of certain tasks such as opening a bank account and applying for a certain number of jobs. There has been some progress in specifying pre-employment skills and skills tests under the Consolidated Youth Employment Program which adopted a competency-based approach, and a comprehensive system has been developed for Job Corps. ^{18/} The vast array of materials which have been developed in recent years would be screened and cross-referenced, with perhaps a core package provided to prime sponsors. There would be a standardized form for tracking individual participants, and documenting mastery of each knowledge/skill cluster. Again, the management information system would count the number of participants achieving these basic competencies.

In the CETA context, the "pros" of such competency-based approaches would outweigh the "cons" for several reasons:

First, since CETA is 100 percent federally financed, it would be much easier and more justified to establish a uniform framework than would be possible for education or vocational education, where there is a long history of local control and most of the funding comes from state and local sources. CETA deals mostly with the individuals who have left or are excluded from these basic education and vocational systems. The disadvantaged are more likely to have interrupted participation, the interventions are usually short-term, and it makes sense in these contexts (as it does in the case of the GED) to have a single measurement and tracking framework so that progress can be cumulated over several periods of participation.

Within CETA, the roles of the various players would not be markedly altered. State and local governments would still have the authority to choose clients, to adapt to local conditions, and to choose curricula. Paralleling the GED approach, states could still establish their own requirements along a standardized competency hierarchy. Likewise, prime sponsors could choose, in conjunction with employers, the levels of vocational skills needed for sets of jobs, or could determine each employer's needs separately. The prime sponsor would still be free to choose the level of entering participants (consistent with CETA eligibility) and how far to try to move them. Curricula could be chosen from among the screened alternatives, or the prime sponsor might use other curricula but with tracking of progress according to the standardized competency hierarchy. Extra requirements could, of course, be added to this hierarchy.

Second, because CETA participants are outside the mainstream systems, the standards imposed would not challenge these other systems, on the contrary, the development and adoption of competency frameworks might

provide a basis for the integration of CETA activities with vocational education, apprenticeship, military training and education. Vocational education has been moving rapidly towards a competency-based approach, and there is a possibility of legislative consolidation of federally-supported post-secondary vocational education and CETA training. Certainly an important step in this direction would be to adopt common nomenclature so that there would be transferability between curricula, records and credentials in the two systems. Likewise, apprenticeship, itself, is a competency-based system specifying the skills and knowledge needed in particular jobs and the ways in which these can be obtained. Standards differ from state to state but usually cover the same building blocks. The frameworks evolved under CETA could be made as consistent as possible with those core state systems. In each state, the CETA framework could be referenced relative to the apprenticeship requirements (or the requirements could be altered to match the CETA framework) so that training could build towards certified career tracks. Much work has been done to identify the transferability of military training, i.e., to determine the competencies provided which could be applied to civilian occupations. The adoption of standardized skills/ knowledge hierarchies for each occupation would provide a reference framework. In addition, CETA training might be used as preparation for military careers and credited upon enlistment rather than repeated afterwards. The linkage with education systems is already achieved to some extent through the GED system, but standardization of CETA approaches below this level would enable states to specify and credential a basic skills level lower than high school equivalency.

Third, it is likely that CETA will increasingly emphasize human resource development, including mandatory combinations of training with work. It is critical to be able to track the effectiveness of each of the components in the service mix, and also to be able to mount quality educational offerings which supplement other activities. Since CETA participants are disadvantaged and frequently minority group members who may suffer from discrimination, it is all the more important to document the competencies they attain and to do so by an objective system which is recognized in the labor market and by all delivery institutions.

The competency-based approach will help to assure the quality of the CETA materials and instruction without requiring the credentialling of staff at the delivery level. The pre-screening of materials by experts and the use of an individualized self-paced system reduce the need for staff who are highly trained in lesson planning, materials selection, and education or training philosophy. It permits greater use of individuals who are good at working with participants needing personal attention and understanding. Because materials and offerings are so diverse in the CETA system, and there is no common reference system, it is now almost impossible to offer technical assistance on the substantive education and training offerings. A common reference system will facilitate technical assistance.

Fourth, the imposition of such a system would not add significantly to paperwork requirements since CETA already must prepare individual employability plans for each participant which include assessments, service plans and goals. Prime sponsors are charged with linking each training occupation to apprenticeship standards wherever appropriate. Records of

GED attainment are already kept so that there is some tracking of individuals relative to this goal. Much of the CETA-funded human resource development activity at the local level is, by necessity, competency-based and open-entry and exit, thus requiring recordkeeping at the delivery site to track individual progress. A uniform framework would permit full utilization of computer-managed instruction capabilities as well as computerization of many recordkeeping tasks. It is only when the frameworks are the same and nomenclature is standardized that economies of scale can be achieved through computerization. The introduction of such alternative systems where tests are taken and scored on terminals, where assignments are made by the terminals based on progress in lessons, where computer-assisted lessons are shared on a wide scale, will dramatically reduce paperwork. The technical feasibility of such systems has already been demonstrated.

Fifth, the competency-based approach would provide the basis for measuring the effectiveness of CETA components. All entrants in local prime sponsor activities and from one prime sponsor to another would be assessed using standardized educational, vocational, and employability skills tests; this information would add significantly to the determination and comparison of employability. Where a remedial component is combined with another activity such as work experience, it will be possible to directly measure whether the remediation is effective rather than trying to infer from post-program outcomes which reflect the impact of the total treatment. The need for improved performance assessment and management leads in the same direction as the arguments for standardized competency-based frameworks.

Finally, these standardized competency-based approaches could be implemented incrementally without rupture to the current CETA system. The competency-based education approach of Job Corps has been well tested with a disadvantaged population and could be adopted as an option for all prime sponsors, supplemented by a requirement that all participants be tested at entry and exit using Job Corps reading and mathematics tests, and that their scores plus hours of treatment in educational components be recorded in the CETA management information system, as they are in the Job Corps MIS. A competency-based employability skills program is desperately needed because of the diversity, disorganization, and uncertain quality of pre-employment activities under youth programs. A standardized curricula might be provided as an option, but the standards for "basic employability skills" for each individual might be incorporated as an outcome measure on the MIS. The occupational competency hierarchies could be developed and implemented for one occupation at a time in a coordinated effort with the apprenticeship and vocational education systems. Work is already underway to develop such competency frameworks in several occupational areas, borrowing from the extensive developments in the vocational education community.

Without question, there will be problems in implementing such frameworks and in forcing change in the traditional ways of doing business under CETA. There will be justifiable complaints where the systems do not make sense in local contexts, and these cases are sure to be exaggerated by individuals and institutions adversely affected by the changes. Yet if CETA is to increase its emphasis on human resource development, if it is to

realize the potentials of computerization for management, technical assistance and instruction, if the quality of substantive offerings is to be improved, if performance is to be measured and if the activities and participants are to be better marketed to the private sector, employment and training policy must begin to address these controversial issues and move towards the standardization of competency assessment and tracking systems and instructional frameworks. Because CETA is a federal system, because its clients need individualized, self-paced assistance offered in a variety of settings, and because they critically need documentation of their competencies so they can compete more successfully in the labor market, it is crucial that CETA take the lead in developing and implementing competency-based systems.

Realistic Expectations

One of the most difficult issues of social policy is to agree what constitutes success or failure of social interventions, to set realistic expectations, and to then judge performance by these standards. Employment and training programs have suffered in the past from overselling and then failure to measure up to inflated expectations. For instance, President Johnson claimed, in signing the Economic Opportunity Act, that each \$1,000 invested in Job Corps would return \$40,000 over a lifetime. From a social benefit-cost perspective, the Job Corps investment is profitable, but the "profit" is closer to \$.40 rather than \$40 on each dollar invested. The present value of the earnings gains alone do not even amortize the investment. If it were not for the program's substantial impacts on crime, it might not be considered profitable. Moreover, the taxpayers' benefits do not exceed costs under most assumptions. There is no doubt that the Job Corps provides a unique opportunity which results in substantial gains for those who complete. But participation does not assure self-sufficiency. Even though the proportion of 1977 participants who were taxpayers in the next two years was a fourth above the proportion among like nonparticipants, and even though the proportion who were welfare recipients declined by half, a fourth of Corpsmembers were still outside the labor force two years after termination and the average annualized earnings of those employed was just \$8,000, or only slightly above the poverty level for a family of four or the earnings from full-time work at the minimum wage. 19/

For local classroom training, the earnings gains pay back the social costs, yet self-sufficiency is not the result for very many participants. Two years after termination, less than three of ten second-half 1975 trainees had annual earnings of over \$6,000--or roughly the 1977 poverty level of a nonfarm family of four--and two-fifths of these were persons who had earnings above \$4,000 in the year before entry. A fifth of trainees had no earnings two years later. Although on-the-job training produces more substantial earnings gains, it does not assure self-sufficiency either. Two-fifths of second-half 1975 trainees had earnings below \$6,000 in the second post-termination year, and a tenth had earnings below \$1,000. Over half of those with earnings above the \$6,000 threshold were substantial earners (above \$4,000) in the year before entry. 20/

Are these reasonable batting averages? The answer depends on the perspective. For instance, the recent estimates of the rate of return on

investments in college education range from 8 to 16 percent, while the rate of return for two-year technical degrees is between 8 and 15 percent. The rate of return has declined over the last decade although the amount of deterioration is subject to debate. For white males, four years of college is associated with between one-third and two-fifths higher earnings than for high school graduates, and one to three years of college is associated with between 5 and 10 percent higher earnings. For black males, the returns to four years of college are almost double those for whites, when they are compared to other blacks. ^{21/} The total cost of college in fiscal 1980 was \$5,000 per student per year. Estimating foregone earnings at the minimum wage level of \$6000 annually, the cost of four years of college would thus be \$44,000. Next to these figures, the gains from five months of OJT or classroom training or six months in Job Corps--18 percent, 10 percent and 8 percent, respectively, do not appear inconsequential. Likewise, the estimated social rates of return--45 percent for Job Corps, a minimum of 38 percent for classroom training, and a higher, though uncertain, rate for OJT--are more than reasonable. Alternatively, the 350 hours of remediation averaged in classroom training might be compared with the 15,000 hours averaged in the primary and secondary education system. Should the expected benefits be proportional? The dropout rate in Job Corps is high--perhaps excessive to some--but the one-third completion rate does not look so bad when compared to the less than 50 percent completion rate of two-year colleges. ^{22/}

The schools and the labor market are not perfect sorting mechanisms, but they do, on average, separate the "winners" from the "losers." Failures and deficits may cumulate over time so that even though a person has innate potential, there can be enormous impediments to its realization. Thus, a low batting average is inherent in any program which seeks to substantially alter the skills and behavior of individuals who are identified on the basis of prior failures or employment handicaps. The more ambitious a program, the smaller the proportion who can complete it, all else being equal.

The chances of translating increased skills and credentials into increased earnings are also constrained. Within the CETA population, many Job Corps or classroom training completers achieve skills equal to those of more advantaged individuals, but few enjoy the same earnings. The CETA trainee and the post-secondary vocational school trainee may type at the same speed, perhaps even read with the same ability, but if one is a welfare mother and the other independent of childcare responsibilities, employment is less likely to be interrupted and jobs easier to find for the latter. Furthermore, employers are unlikely to give full credit to CETA training. The private sector sees the system as one which screens in the least employable, does not sort out the poor performers, and provides only modest duration of training. If adequate numbers of entry workers can be found through contacts with trusted employees or other reliable mechanisms which reduce the risks, why should employers draw from CETA for anything but menial jobs? The employer has to be convinced that the training is real and that the trainees can perform; otherwise the employer will respond only if bribed or coerced.

In light of these realities, the expectations concerning the payoffs which will result from improvements in the system must be tempered. For

instance, if the proportion of local classroom trainees staying over 40 weeks were doubled from the 7 percent level in fiscal 1976, with proportionate reductions in each of the shorter-stay categories, and if these longer trainees benefited as much as those in 1976, the average impact of classroom training would be increased by only a sixth. Moreover, the cost per participant would rise by an eighth. Similarly, if enrollments in advanced career training in Job Corps were expanded so that one-third of the completers achieved post-program earnings gains double the average for completers, this would increase the average gain for all Corpsmembers (based on the 12-18 month post-termination estimates) by two-fifths, or from 13 to 17 percent of control earnings. But the number who could be served would be reduced by a fifth if each of the advanced trainees remained an extra year. Total earnings gains from the same Job Corps expenditures, then, would rise by a tenth and the social benefit-cost ratio a little over a twentieth.

These crude simulations merely suggest that longer training means fewer will be served, and that the larger earnings gains of the few who benefit more must be averaged over all other participants. If the proposed changes occurred, they would not dramatically alter the overall performance of the training system, although they would increase the rate of return on the public and taxpayer's investment.

The degree of possible reorientation is also constrained by the proportion of the CETA population that can benefit from advanced training, as well as by the number of advanced opportunities that can be secured. Less than a fourth of Job Corps participants, for instance, enters with or secures a diploma or a GED. If half of these participated in college or post-secondary programs, they would still represent only a third of completers or an eighth of total participants. In local programs, which serve a more varied and less disadvantaged population, a larger proportion could benefit from "quantum leap" approaches. The constraint is really the ability to organize such offerings and to link them to jobs. Training and job links may be very difficult in depressed areas where the disadvantaged are concentrated. Mobility arrangements to secure training and jobs elsewhere are not going to be of interest to most participants. Even in Job Corps, where participants have demonstrated their willingness to leave home at least temporarily, the increased moves across cities (excluding Job Corps relocation) are only 20 for every 100 participants in the first 18 months after termination. ^{23/} Moreover, there are serious problems in mounting relocation efforts because of the political sensitivity of the issue. A reasonable goal might be to serve between a tenth and a fifth of all participants in CETA in mobility-oriented programs, which might be expected to achieve an increase in suburban and intrastate mobility of a few per hundred total trainees, and even less interstate mobility. However beneficial at the margin, and however correct in the direction of emphasis, this will have modest impacts on aggregate measured benefits even if the mobile individuals gain significantly.

None of these changes will be achieved rapidly. The benefits of advanced training options, for example, rest on the premise that individuals will be sorted and developed in a first tier of activities and then a select few will move to the second tier. Simply creaming at intake and selecting the best individuals, or openly recruiting more able individuals

for these opportunities, will result in more modest net benefits. The advanced training options will take time to establish, but it will be even longer before the feeder system is linked to these opportunities, and participants move through both the first and second tiers. Even if the earnings improvements of second tier participants were quite substantial, it would be some years before the gains noticeably increased the payoff of all CETA training. Likewise, realignment of the employment and training system consistent with mainstream principles is a lengthy institutional change process. The development and utilization of competency assessment systems, input requirements, standardized curricula and graduation standards takes time, and it will be even longer before the labor market's perceptions of the system's effectiveness are altered and potential clients are convinced that, in fact, real opportunities are being offered so that they can get more from CETA than a weekly check.

Because massive impacts cannot be expected and any impacts will take time does not argue against the directions of change, or their substantial payoff at the margin. Since the current training activities are working, since the changes involve a steady realignment rather than a revolution in these procedures, and since the new system would be in place by the late-1980s when the labor market effects of demographic changes will be most strongly felt, there is nothing to be lost by carefully building a second tier of advanced training activities, providing opportunities to successful participants in the first tier, and gradually changing the thought processes and operational procedures in the system that already exists. Without expecting major or immediate improvements in overall performance, there is nevertheless good reason to move ahead.

SECTION 6. SHAPING THE FUTURE

The Quest

Since the first employment and training programs were implemented at the beginning of the 1960s, there has been a continuing quest for a "national manpower policy" and a "national manpower system." The "holy grail" was a comprehensive and coordinated set of programs addressing both structural and transitional labor market problems. The structural measures would include basically preventative activities--youth jobs and pre-employment services that would compensate for opportunity deficits of minority and poor youth; programs that were basically corrective--including intensive remedial assistance such as Job Corps, classroom and on-the-job training, and comprehensive services for poverty areas; plus those that were basically ameliorative--job creation for older workers and for welfare recipients plus sheltered work for the handicapped. The measures addressed to transitional problems would include countercyclical job creation to absorb a significant share of the unemployed, plus adjustment assistance to aid the victims of mass layoffs, foreign competition and other dislocations. Ideally, these elements of the manpower system would be coordinated with other governmental decisions and actions under a national manpower policy. By linking with affirmative action efforts, the placement performance of the training programs could be improved, while the availability of hiring and training subsidies would provide a "carrot" to go along with the affirmative action "stick." Training activities were initiated as a means to provide the skilled manpower to attract firms to depressed areas; conceptually if not operationally, they remained closely interrelated with economic development activities. Employment and training programs were intended as a mechanism to help public assistance recipients achieve self-sufficiency, or at least to provide useful output to offset the costs of income maintenance. Manpower policies were to be coordinated with military and immigration policies to balance supply and demand in the labor market.

The quest carried us far. Youth development activities increased dramatically in the mid 1960s and in the late 1970s. Training efforts rose through most of the two decades. Structural and countercyclical employment measures expanded exponentially as part of the Carter administration's economic stimulus package. Countercyclical job creation was established in principle when the trigger formula was added to CETA in 1976, authorizing funds adequate to create jobs for one-fifth of the excess unemployed above 4 percent. The Humphrey-Hawkins legislation provided a framework, pledging the nation to combatting both structural and cyclical problems. There were steps to link economic development activities initiated under the stimulus package with expanding employment and training programs. Welfare reform proposals and demonstrations were mounted, with the goal of transforming countercyclical PSE jobs into opportunities for welfare recipients as unemployment eased. A large-scale, experimental program was implemented, guaranteeing part-time school-year and full-time summer jobs to all poor 16- to 19- year-olds remaining in or returning to school. Expansion and reorientation of youth programs was proposed and almost passed into law in 1980, with the aim of creating a stable and comprehensive employability

development system. Tentative linkages were established between CETA and the military to train for military entry and to utilize domestic military facilities. The certification procedures of Trade Adjustment Assistance were liberalized in the late 1970s, and adjustment programs were extended to the lumber and airline industries, where conservation measures and deregulation, respectively, caused dislocations. A "positive adjustment assistance" demonstration was announced in the waning days of the Carter administration in order to increase retraining and relocation under Trade Adjustment Assistance.

Thus, the nation came very close to establishing a manpower system and policy consistent with the ideals which had existed since the genesis of employment and training programs. Yet, even as the policy measures were being adopted and programs implemented, the consensus and resources began to erode. Before the Reagan administration entered office with its pledge to cut back the role of government, the Carter administration and Congress had already reduced countercyclical public service employment, making a sham of the trigger formula and burying any hopes of translating the Humphrey-Hawkins full-employment bill into a meaningful commitment. The favorable results of the youth Entitlement program were ignored, and the brakes were applied to welfare reform. The Reagan administration quickly finished the work, eliminating all public service employment, drastically retrenching youth programs, wielding the meat-axe on trade adjustment assistance, and proposing workfare rather than guaranteed jobs and training as the direction for welfare reform. The underlying issue in the public debate shifted from how quickly the nation could afford to implement the remaining elements of a "national manpower policy" and a "national manpower system," to whether we should even continue federally-funded employment and training activities.

There are reasons for this dramatic reversal which had nothing to do with the wisdom of the policies or programs. Employment and training activities were one of the few controllable elements in the federal budget, and hence, easiest to cut. Countercyclical programs were reasonably popular while people were being hired, but there were few political benefits once the opportunities were filled. The Congress which voted on appropriations never received political credit, since the hiring decisions were made locally, but always received the heat when local excesses were discovered. Trade Adjustment Assistance was a promise made to buy off opposition to tariff reductions; once these reductions had been implemented, the promise could be reneged. The structural portions of CETA were concentrated in poverty areas, and increasingly targeted on the poor, and the delivery system was isolated from the mainstream institutions, so that the programs had limited constituencies. The conscience of the majority was eased by the claim that a booming economy would result from reduced government expenditures, soon creating jobs for those otherwise served in public programs.

While these reasons largely explain the drastic retrenchment, the shortcomings of employment and training policies and programs were also a factor. To put it bluntly, the preventative elements did not have demonstrable preventative impacts; many of the corrective measures were diluted until they provided only short-term help; the countercyclical components did fairly well in hiring during the build-up but poorly in

transitioning and phase-down; adjustment assistance did more to compensate for the pain associated with change than to facilitate adjustment. Basically, all these measures became ameliorative in emphasis. This is not to say that they had no impacts on transition, adjustment, preparation, prevention, and career advancement, but they usually reduced to the lowest denominator so that their long-term effects were subverted to maximize immediate, ameliorative impacts.

The basic lesson is that it is difficult to mix missions. When there are dual roles, those which are most immediate and easiest to achieve will overwhelm the others. Alleviation of symptoms is simpler than the achievement of cures.

This is not to argue that symptoms should or can be ignored. Our economy does not generate enough jobs for those at the end of the labor queue. The shortfalls are severely felt by the young, minorities and residents of poverty areas. It is a judgment whether job creation is preferable to income maintenance or to doing nothing. It is a fact, however, that job creation efforts in the 1970s would have performed better if not so rapidly expanded, and could have been designed and improved to increase their transitional, preventative and preparatory impacts. But job creation is basically an ameliorative approach. If problems are to be cured rather than simply mitigated, it is necessary to pay much more conscious attention to, and place more priority on, human resource development. The drastic retrenchment of job creation at this juncture makes this shift in priorities a fait accompli. Most likely, job programs which are now being retrenched will return to favor at some point. Yet if this occurs, it does not mean that comprehensive manpower policies and systems which combine job creation and human resource development missions are appropriate. Training, education and career access activities for those at the end of the labor queue have a different "gestalt" from job programs, and though the measures should be closely integrated, they need separate policies and approaches. Thus, an "active manpower policy"--the holy grail of the last two decades for advocates of employment and training programs--must be redefined. There needs to be a new vision of what can be or should be achieved in the future through human resource development, whatever occurs on the job creation front.

While there are shortcomings in the design and implementation of our human resource development efforts for persons of limited employability, the setting in which they must operate is much to blame. The flaws in CETA training that receive attention, and the improvements that can be made by their correction, are minor in terms of the "big picture," even though the larger and more critical dimensions are rarely examined and certainly not blamed for the problems they cause: First, the distribution of public resources violates principles of horizontal and vertical equity. Through the secondary education level, the distribution is reasonably equitable. There has been some progress in equalizing expenditures among the school districts of rich and poor, minority and nonminority. Remedial activities and those focused on special needs populations expanded rapidly (at least until recently), helping to equalize opportunity. The major problem comes when young people leave the secondary level. Higher education predominantly serves persons of high socioeconomic status, and public expenditures for human resource development beyond the secondary level are concentrated

on higher education. The distribution of enrollees in two-year institutions and post-secondary vocational institutions is more balanced than in four year institutions, but the disadvantaged and less academically able are underrepresented throughout. Public support for remedial training efforts are meager in comparison, whether measured in aggregate dollars, the proportion of those in need who are helped, or the intensity of investment in any participant.

Human resource development efforts--both the mainstream components and those targeted to the "leftovers"--must operate in a void, preparing individuals for the labor market without specification of work requirements, without established bridges into jobs, and without the involvement or interest of the employer community. There are exceptions for professional occupations, such as doctors, lawyers, engineers, teachers and nurses, where job requirements are developed and maintained by the professional community or through licensure, but at the middle and lower levels of the occupational structure, the requirements for jobs are rarely specified. Employers have no incentive to work with the preparatory institutions and/or to formalize entry routes unless they face shortages of particular types of workers, but this usually occurs only at the upper ends of the skill distribution. For most jobs, employers prefer to be left alone with their own methods of recruiting and standards of selection. As a result, training and education must be general rather than customized to prepare individuals to meet specific requirements. Many who could be trained to or already can meet the true requirements of a job are not hired.

Because limited resources are devoted to remediation or employability development for those who do not make it into higher education, these dollars are targeted on persons by the only quantifiable and readily available proxy of need--family income--and then spread as broadly as possible among those who are eligible. This encourages the development of a separate delivery system for the poor, one which has short-term objectives, and one which is isolated from the labor market and mainstream institutions because it recruits high risk individuals and does not do enough to substantially change or sort them. Within this separate system, the major emphasis is on "dividing the pie," frequently creating separate programs and institutions for each need group and each dimension of employment problems. Even though the problems and groups overlap, it is difficult to link the separate programs and institutions. There is no real reason, for instance, other than institutional history and vested interest, why the Employment Service and CETA should not be consolidated, or that the WIN program for welfare recipients should be operated separately, or even that post-secondary vocational training and CETA should not be under the same decisionmaking framework even if operated by separate professional systems.

Some very basic changes would be required to achieve greater equity in public human resource development investments, to increase their payoff by altering some of the groundrules in the labor market, and to improve their efficiency by eliminating institutional and vested interest barriers between related efforts. These changes must be fundamental goals of any human resource development policy. While there are a variety of ways to realize these aims and almost infinite possibilities for a human resource

development system, the following approaches are certainly among the options which deserve consideration:

Preparing for Employment

The cornerstone of any human resource development policy is a primary and secondary education system that, indeed, educates. While much attention has been devoted to the failures of education reflected in declining reading and mathematics skills of students on standardized tests, the reasons are relatively simple and the prospects for improvement not all that gloomy. The crush of rapidly expanding enrollments, the breakdown of standards for teachers and students, the proliferation of missions assigned to the schools, and the lack of adequate alternative settings for youth not performing well in regular classrooms, have been the major causes of current problems. Enrollments are already declining, and there are more teachers to choose from; the use of competency standards for students and teachers are receiving increased emphasis; school systems are generally returning back to the basics as resources become less plentiful; alternative schools operated within regular school systems or by community-based organizations have expanded in recent years. These trends should be accelerated so that achievement of basic competencies would be the primary mission and focus of schools. Materials and teaching methods could and should reflect the real world of work through career education concepts. In recognition of the increasing propensity to combine part-time work and education, there could be flexibility in the sequencing and scheduling of school, including options such as shorter days, a quarter system, or more entry and exit possibilities. Nevertheless, the "three Rs" would be stressed during school hours so that it is assured that students who advance and graduate have achieved the requisite competencies.

The development of "employability skills" and the provision of first work experiences where there are no other alternatives, would be the responsibility of a federally-supported, community-based system working with and within the schools. This system, which would utilize as delivery agents neighborhood based organizations, business groups, nonprofit intermediaries, unions, vocational education agencies, the federal/state Employment Service, and the schools themselves to provide career counseling, occupational information, job search assistance, and placement help to those who wanted and needed such aid. Transition services would be guaranteed to all young people, and the progress of each youth in achieving basic employability skills and experiences would then be tracked. Subsidized jobs and other developmental activities such as remedial education and Job Corps entry training, would be targeted to young people with more severe needs. First employment opportunities could be guaranteed to persons from low-income families or those with severe employment handicaps unable to find unsubsidized employment, but these jobs would be predicated on school attendance and performance, and would be at least as demanding as, and no more remunerative than, jobs in the private sector, so that there would be incentives for transition. There would also be limitations on the total hours of subsidized work. The aim would be to assure that every youth wanting to work would have some job experience before leaving school, along with the necessary career information, counseling and instruction to enter the adult labor market.

Career Investments

All persons permanently leaving the universal secondary education system and the universal employability development system, whether graduating successfully or dropping out before attaining academic competencies and employability skills, would be served by a career development (and redevelopment) system. Each citizen would have a "career investment account" which would provide support, as under the old GI Bill, for intensive remediation, career training or post-secondary education. Each individual would receive an endowment, perhaps the equivalent of the average tuition, room and board cost for two years of college. This endowment could be used to polish up the basics at the point of career entry, for movement into a second career, or for retraining and relocation in the case of dislocation. The endowment might be increased to reward military service or volunteer work in VISTA, Peace Corps or a National Youth Service program. It might also be increased for individuals adversely affected by government decisions, such as tariff reductions and subsequently increasing foreign trade.

The "endowment" could be used for higher education, post-secondary vocational training in public institutions, training in certified private sector institutions, or participation in public programs designed specifically for the hard-to-employ. It could also be used to finance mobility for career improvement. The "endowment" would be used on a voucher basis. Each institution would charge the "full freight," would maintain its entry and input standards, and the individual could, then, choose among the various options. The voucher would not always involve cash payments from the career investment account. For instance, tax credits for college could simply be noted in the account. For guaranteed loans the charge might be based on the default rate and administrative costs or the subsidy costs for below-market interest rates.

The single account approach would, thus, subsume a variety of separate aid programs including college tax credits, Basic Equal Opportunity Grants, much of the aid to post-secondary vocational education, readjustment benefits, remedial training activities, and perhaps GI-bill benefits (if there is a return to the old GI-bill approach for veterans). The net cost of such a system for society is not the sum of the endowments which are used, but rather the increased career training and education which would occur for those who want to but are not now able to acquire training. The account would equitably redistribute public expenditures among individuals of different income levels. Some now receiving more than a fair share of public funds would be capped at the endowment level. Any public aid beyond the endowment period would be conditioned on later service contributions such as doctors serving in the military or the Public Health Service, or would be loans repayable at market rates, perhaps through the tax structure. Rich and poor would, then, receive equal support from the same system. Career training and preparation would be provided not on the basis of a need determination, but as a right. The disadvantaged could use their endowment in the same way and in the same institutions as the nondisadvantaged, if they could qualify, or else could use them to secure remedial assistance.

The career development system would serve a brokering function. Its purposes would include outreaching to assure that those with special problems utilized their endowments, helping individuals to make the right career investment choices, monitoring to protect against misuse of vouchers, providing mechanisms to facilitate mobility, certifying the quality of education and training institutions, and developing institutions to fill local needs where voids exist (although these would have to become self-supporting through the vouchers of participants). This brokering system would be forged by the realignment of currently separate but very much related activities--the federal/state Employment Service, CETA, WIN, veterans retraining services, post-secondary vocational education, vocational rehabilitation, and the apprenticeship system. All the separate delivery systems already have pyramidal decisionmaking structures, but the decisionmaking levels and authorities vary widely so that coordination is difficult. The systems would not necessarily be merged, but the decision points and responsibilities would be made parallel. Federal funds for each purpose, subject to whatever strings are attached, would be channeled to states and then to area "Career Investment Brokering Agencies" (CIBAs) which would have allocation, planning and oversight responsibilities within each separate category, subject to state and federal review. The CIBAs would be the same for all these activities. The CIBAs might be jurisdictions of a minimum size, consortia of jurisdictions, or substate districts. The minimum unit would probably have to be larger than the existing cutoff for prime sponsors, since increasing administrative burdens and declining funding levels have made this system uneconomical as well as difficult to manage.

The realignment, alone, would solve some problems, but of more importance, it would facilitate other needed changes. There could be a single advisory council for career development and redevelopment activities, perhaps with subcommittees for each specific focus area. Reporting nomenclature, funding schedules and decisionmaking procedures could be gradually standardized. The basic benefits for career investments would all be noted in the same account system so that it would be possible to keep track of the expenditures from different sources for each individual.

The lines of responsibility--which have become blurred in practice under most federal grants in aid--could be clarified so that the federal government would monitor the states and the states would monitor the local agencies, and they, in turn, would have responsibility for monitoring any subgrantees. Nationally-run programs would consist only of those involving multi-state target populations, necessarily involving mobility and residential support. Likewise, state managed programs would be those drawing from several CIBAs, rather than simply augmenting local activities.

The ultimate aim of these realignments is a one-stop, comprehensive, full-services approach for all career investment activities. Any individual needing help in preparing for career entry or reentry could turn to a one-stop agency that would have access to all available institutions and services. They would be provided by right as long as the individual had a balance in his or her account. The full-services at the one-stop center would include brokering of opportunities available outside the area but allocated to its residents, both those developed by states and those developed by national funding to promote interstate mobility. The military

would be another option, and the one-stop agent could help the individual to make his or her choice in light of a full range of options by providing independent counsel and ombudsmanship relative to the military career.

Incentives for the Private Sector

This universal career investment approach would help to make human resource development efforts more equitable. The use of voucher and one-stop treatment approaches would help to integrate efforts for the disadvantaged and mainstream human resource development activities. Yet ultimately, these measures would still be limited without steps to influence the demand side of the equation--i.e., the labor market setting in which this system and its participants must function. Traditionally, emphasis has been restricted to the supply side. With the exception of limited affirmative action efforts and tax credits for hiring the disadvantaged and welfare recipients, labor market processes and their results have been accepted as a given, with public policy seeking to adapt individuals and treatment strategies to these realities.

Competitive markets are best left alone unless there is a compelling reason for intervention. One such reason is when the costs and benefits to decisionmaking units in a market do not reflect the costs and benefits to society. This is clearly the case in private sector decisions about training investments. As long as the education system turns out an excess supply of highly (perhaps overly) educated workers and the public picks up the tab, firms will take advantage of this system and avoid their own training. If each firm had to pay for the education of each college graduate it hired, they would certainly cut back on the number of graduates hired as well as the course requirements and costs. Likewise, investments in worker training by individual firms may not be profitable because, with our highly mobile workforce, the benefits may be captured by another employer willing to pay a few dollars more to the employee. One way to overcome these disincentives is an employer tax covering some of the costs of preparatory activities now provided as "free goods," combined with an offset where firms provide their own training or worker educational benefits. A "career investment tax" on the wage bill could be used to cover at least part of the cost of career investment endowments. Employers with their own training programs, or participating in cooperation with public programs, could receive credit against the tax. Associations could pool resources and establish training programs. Employers who did not train would simply have to pay the tax. Penalties might also be invoked for relocating firms not offering retraining and relocation benefits or advanced warning to their previous employees; the individual accounts of affected workers would then be credited so that they would have the means for retraining and relocation. A training tax could be incorporated into and managed by the Social Security system. In other words, employers and employees would pay for some of the costs of career preparation and retraining in addition to unemployment, disability, illness and retirement.

The apprenticeship approach might be fostered by granting a lower career investment tax rate or "experience rating" to firms willing to register positions with a federal/state apprenticeship system. Participating employers would articulate the competencies required for the jobs as

well as the training needed to achieve these competencies, would set the standards and monitor the training for registered jobs, and would then recognize the credential for completers of approved programs. The standards would be utilized in training activities financed through the career investment system. Trainees would, then, be provided skills specifically required by employers rather than receiving extraneous training. The requirements would be known by trainees and training institutions, so the performance of both could be monitored. Most importantly, the certification of completion would be recognized in the labor market.

Ideals and Realities

In a period when budgets are being slashed for all social programs and when taxes, particularly added payroll taxes, are anathema, it may appear naive to even hint at the possibility of a comprehensive employability development system, an individual entitlement to human resource investments, a training tax on employers or an expanded apprenticeship system. Yet there are several reasons to believe that these notions are not as unlikely as they may appear today. Moreover, as long as these options are not totally implausible, and as long as they provide the appropriate guidance for incremental policy decisions, it is not necessary to believe that they are probable long-term developments.

A comprehensive employability development system is realizable. Schools have never devoted substantial resources to counseling, guidance, or placement, and are now retrenching in this area, so that they would welcome outside support. More and more, these activities have become the domain of CETA-funded efforts. The Youth Incentive Entitlement Pilot Projects experiment has proved that part-time school-year and full-time summer jobs could be guaranteed to all low income youth in school or returning to school with a pricetag of less than \$2 billion if the minimum wage were paid for all hours of participation. ^{24/} If the wages were lower and the total hours of participation were restricted to assure only first employment experiences, it would be possible to reach a broader group of youth, probably including most of those with below average family incomes. Transition services could be implemented at a relatively low cost. A developmental system which could reach into the schools and serve all youth, utilizing an individualized competency assessment and achievement measurement system, has already been tested in a variety of settings under the Consolidated Youth Employment Program demonstration. In other words, a comprehensive youth developmental system is completely feasible, its elements well-tested and its pricetag not overwhelming if viewed as a goal for a decade in the future when there will be fewer youths.

The concept of separate universal systems for education and employability development, with schools concentrating on academic basics and community-based and employer-linked local agencies concentrating on employability skills, is certainly acceptable as an ideal. The two-year review of youth employment problems by the Vice President's Task Force on Youth Employment under the Carter administration, which included an exhaustive effort to assess all empirical evidence but also to give fair hearing to all perspectives and interests, reached the conclusion this was the direction to move. The proposed Youth Act of 1980 which embodied this

approach enjoyed bipartisan support although it was not enacted. ^{25/} The Youth Incentive Entitlement Pilot Projects component of YEDPA, which tested performance-conditioned job guarantees for poor students, emerged from the Republican side of the aisle. Budget stringencies may have postponed the implementation of these approaches and the realization of a comprehensive employability development system, but there was broad consensus about the directions of change even if resources were considered inadequate at the beginning of the 1980s to move forward.

By the same token the entitlement to a minimum level of career training and assistance does not necessarily mean a massive expansion of governmental activity. To a large extent, the investment account would be another way of paying for or simply keeping track of activities that occur already through tax credits, subsidies to colleges, Basic Equal Opportunity Grants and manpower programs. Not all of those who are eligible to receive benefits will utilize them. By the time such a system is implemented, the labor market at the entry level should be tighter, so that fewer would choose a training alternative because of the dearth of work options. If the long-term increase in the portion of the population enrolled in post-secondary activities continues, a larger share will already be participating when the endowment is implemented so there will be less incremental expansion. The endowment can be financed because the declining numbers of career entrants should substantially offset the incremental proportion provided education and training under this approach. Thus, the total enrollments and expenditures for career training and education may not be substantially larger as a percent of the work force or national income than they are today.

Entitlement or endowment notions are hardly foreign. Each citizen has an endowment for a primary and secondary education (and, in fact, is not even free to choose whether to use it). Since longer education and training are necessary to function in an increasingly complex society, it would make sense to extend this approach to the post-secondary level, as some states have essentially done with subsidized higher education. The voucher and individual account approaches are certainly plausible. The GI Bill--one of the most popular human resource investment programs in our nation's history--has tracked a fairly large portion of the adult population under its entitlement system. Currently, service agencies collect and retain detailed case files on individuals. For instance, CETA is required to track services received over a five year period even if individuals move from one jurisdiction to another. Social Security and military registration are a fact of life, and sooner or later it is likely that more foolproof citizenship and work certificates will be established. An individual account, as opposed to numerous overlapping record systems, would be no more of an infringement than social security retirement benefit records, and equal protections could be built into the system.

The voucher and account notions force recognition that choice should be maximized for all individuals. Institutional and vested interests are intertwined with those of participants and, all too frequently, those being served become captives of delivery institutions. A crucial question is whether the individual, if provided the same resources and information about the options, would make the same choices, and, in particular, whether the disadvantaged would continue to use separate institutions or whether

they would choose to enter the mainstream. The voucher approach forces the question, and could be a useful supplement to, if not substitute for, the service system which now exists for the poor.

Whether a human resource investment system is accepted, realignment of separate programs and approaches makes sense. Attempts to force cooperation between CETA, the Employment Service, WIN and vocational education through overlapping councils, reviews, sign-offs and set-asides have gone about as far as they can where the decisionmaking structures are so much out of alignment, and plans are evolved separately on the basis of distinct thought patterns and nomenclatures. The ideals of comprehensive and coordinated administration, common terminology and one-stop, full services, are important if they restrain fissiparous tendencies of separate programs and provide direction and discipline for incremental movement towards their integration. Likewise, the notion that federal, state, and local responsibilities should be reconstituted so that states provide options that localities cannot, while the federal government provides opportunities for residents of all states, can help to cut through the current confusion of roles and responsibilities. Instead of providing options for mobility, training and jobs which are not available locally, both the states and the "feds" fund local activities in addition to but rarely coordinated with those developed by local decisionmakers. Local decisionmakers are constrained to planning for local labor markets and in light of available local institutions. The dollars are channeled where the opportunities are least. While Job Corps is a notable exception, providing for mobility and for intensive training not offered locally, it is not integrated with the local systems so that the youths who most need this type of assistance are not always the ones who enroll. These problems need to be addressed whether the career investment account approach is adopted.

The realignment of all the currently separate human resource investment programs into a uniform and comprehensive system will be a nightmarish process. Yet the Reagan administration is clearly in favor of the consolidation of like programs and the provision of increased authorities to states. There is likely to be some action on this front even if the career endowment and employer tax notions are not accepted. The reauthorization of vocational education and CETA at the same time, and the continuing discussion of Employment Service reform, and the diminutive size of WIN, offer immediate possibilities for such realignments. The restoration of GI Bill benefits is under discussion and this might be easily integrated into a comprehensive system. Finally, the trade adjustment problem will not disappear because budget cutters have decided that benefits are no longer owed to those affected by past policies. New trade issues will arise, workers will again have to be "bought off," and the proposed account system, coupled with extended unemployment insurance during the training or relocation period, would be an expedient approach.

The one-stop, full-services approach is hardly a new concept. It occurs today under vocational rehabilitation. The vocational rehabilitation specialist is the broker for medical and training services which may be arranged or purchased from an account for each individual. The Veterans' Administration also provides help in some cases on a "full-services" basis, particularly for disabled veterans; it arranges for the various types of assistance for which the veteran is eligible by right.

Some state and local prime sponsors have made progress in integrating services under CETA, the federal/state Employment Service and vocational rehabilitation. Given encouragement, this trend could easily accelerate.

Finally, the now "radical" notions of a career investment tax and a substantially-expanded and legislatively-supported apprenticeship system are not unforeseeable. The employer tax assumes that the economy will need trained entry-level workers, both because of the reduced supply of entrants and the increased skill requirements. If labor market conditions force employers to do training anyway, and if those who invest find their workers pirated away by other firms, they would have nothing to lose and something to gain from such a tax. The tax need not and will not cover the full costs of the career investments, because there are broader societal benefits. Moreover, the scheme might be introduced as payroll taxes are eased through general revenue tax financing of the redistributive aspects of Social Security, or as unemployment declines so that unemployment insurance taxes fall. To soften the blow, state unemployment insurance debts to the federal trust fund might be forgiven, thus substituting training taxes for the increases in unemployment insurance taxes needed to pay back advances to states from the federal government. This is not to argue that it will ever be easy to sell new taxes and a new approach, and certainly not to suggest that it will be costless. The basic purpose of the career investment account is to assure increased training investments for persons who would otherwise be excluded. These extra resources could be provided exclusively from general revenues. The reason to favor payroll tax support for some of the costs is to provide incentives for the private sector to do more training itself and to get more involved with public efforts.

The idea of an expanded apprenticeship system, where employers articulate job requirements and the training needed to meet these requirements, thereby formalizing career entry ladders, has been much more widely accepted in other industrialized nations, particularly when they faced a shortage of entry workers as our nation will in the coming years. Our nation's apprenticeship system, with under 300,000 registered apprentices, covers a far smaller portion of total employment and far fewer occupations than the systems in most of the European nations. There are now no financial incentives for cooperation by employers. It is not unlikely, therefore, that the emerging shortage of entry workers, combined with financial incentives, will increase employer interest in the apprenticeship approach.

Debate over a career investment tax and a national apprenticeship system might be helpful as a way to demonstrate that supply side efforts, no matter how well designed, are limited unless the demand side is also leveraged. Training programs which concentrate on those who are least employable will not succeed in more than marginal reordering of positions at the end of the labor queue unless the unsubsidized sector--private, public and nonprofit--feels that it is in its best interest to train to meet needs rather than to hire already qualified or overly qualified workers, and unless employers consider it in their best interests to work with public institutions. The private sector must now be approached with subsidy bribes and appeals to corporate conscience in an effort to convince them that the workers provided through the employment and training system

are as good as others even though they have "high risk" characteristics and would normally be shunned. All too often, employers turn away from these appeals by disparaging the training or the red tape that goes with the bribes, simply because they do not believe they have a risk-taking or training mission, and no need to accept one when there are plenty of low-risk applicants available. The threat of a tax might, in itself, generate more active efforts by the employer community. This was the case in Germany when a training tax was legislated but never implemented because employers voluntarily increased their involvement in the apprenticeship system. At the very least, public debate and private sector opposition would reveal the dearth of formal training in the private sector and would dispel the claim that vaguely defined "private sector alternatives" can replace public programs. If nothing else, it would force greater recognition of the fact that the disadvantaged, and the institutions that serve them, do not, alone, bear the blame for their problems.

SECTION 7. NEXT STEPS

The appropriate short-term goals are much more straightforward and far less controversial. The weight of evidence documents the need for significant reorientations of our nation's manpower programs and policies for persons of limited employability. Training deserves more emphasis, and subsidized jobs should be combined with and lead into remediation, serving as a mechanism to identify those with potential for longer-term training. On-the-job training rules need to be changed to make the approach more marketable but also to facilitate OJT participation by the more disadvantaged. The duration of training should be increased through the addition of a second tier of long-term training activities which provide the opportunities for "quantum leaps" in employment status. These second tier activities must be integrated with shorter-duration, first-tier work and training efforts which are now the primary focus of CETA. Performance in these base level activities should be used to determine potential for advanced training so that the advanced opportunities encourage better performance. Placement must be emphasized, with greater concern for the career potential and training-relatedness of the jobs, particularly where more intensive investments are made in participants. Mechanisms must be developed to facilitate the movement of individuals from geographic areas of severe need to areas where employment and training opportunities are more promising. Finally, the training system must be stabilized, with increased focus on qualitative, rather than quantitative, dimensions, and with greater use of competency-based education, vocational training and employability skills development.

Such reorientations, while achievable with only modest legislative and administrative changes, would have far-reaching implications. They would make the employment and training system for the disadvantaged more like the mainstream preparatory institutions, with increased emphasis on individual performance standards and more sorting of the "winners" from the "losers." Income maintenance objectives would be downplayed, and incentives initiated to reward participant performance. More intensive assistance would mean that fewer individuals could be served. Priority would have to shift from the ameliorative, job creation oriented approach of current programs to a stable and continuing focus on structural problems. The issues raised by these changes cannot be resolved by facts and figures alone, but rest on normative and political judgments. Resolution will require continuing discussion. Yet the available evidence suggests the importance of mainstream precepts, the problems of current income maintenance approaches; and the payoffs of greater resource concentration.

While decisions on next steps should certainly consider long-term goals, no consensus exists today, and, indeed, the public discussion has hardly begun. The only agreement seems to be on what not to do. The long-standing ideal of a national manpower policy which would include both structural and countercyclical components has been undermined by the evidence of severe operational and political problems in rapid job creation, and, even more tellingly, by the evidence that job creation and meaningful training rarely go hand-in-hand. But a new consensus has not yet emerged, and options such as a comprehensive employability development

system to assure basic skills for entrants into the adult work force, a GI-bill voucher approach to assure equitable and effective career investments, a dramatic expansion of the apprenticeship system in order to better identify the competencies and training necessary for career entry, and tax incentives for the private sector to invest in training, have, to date, received little attention or analysis. Whether one agrees with the political feasibility of these notions or in the desirability of such comprehensive reform in human resource development approaches, however, these long-term proposals are reasonable navigational aids for next steps, suggesting the need to more equally distribute public human resource investments, to focus them more towards the end of the labor queue where the payoff will increase in the next two decades, to move from a separate needs-based delivery system to one integrated into the mainstream, to improve the career entry process so that there is less waste and greater equity, and to foster the involvement of the private sector.

The best means to achieve these ends are debatable. Judgments must be based on what we know from abstract analysis of impact patterns, benefit-cost computations and labor market theories, as well as from nuts and bolts assessments of decisionmaking and delivery patterns. The following recommendations, while necessarily judgmental, are strongly supported by both the theoretical and applied analyses. These steps would achieve the desired improvements in the current system, without major discontinuities or drastically expanded resource requirements, by modifying the service components, utilizing self-enforcing mechanisms and incentives to improve performance, expanding second-tier, longer-duration training activities locally, and gradually implementing an array of state and career training activities providing mobility options.

An Emphasis on Training

Training should be a mandated element of work experience activities. The 1978 requirement for training under Title IID public service employment was straightforward and resulted in increased use of PSE as a training vehicle. The regulations for work experience, career employment experience under youth programs and summer youth employment activities call for enrichment of work with education, training and transition services, but they do not set any targets. Whether structural PSE is restored, its set-aside approach for training should be adopted, and the training activities under work programs should be tracked in the management information system, as is now done in the case of PSE training. Hours of unstipended paper and pencil as well as computer-assisted instruction might be made a standard part of the workweek for in-school, summer, out-of-school youth and adult work experience programs. Another approach is to structure work projects as training. One tested model is the Ventures in Community Improvement program, which mounted large-scale, carefully organized restoration projects utilizing union supervisors, linkages to apprenticeship, measurements of competency acquisition, graduated work tasks, and performance requirements for participants so that work and training were synonymous. Similar work projects might be structured to provide training in other occupations.

On-the-job training regulations should be modified to provide for a "try-out" employment approach. Currently, an employer under OJT must hire an individual without being able to discern whether the person can be trained to meet requirements. In other words, the subsidy must cover the training costs and lower productivity, but also the hiring risks. As a result, employers are reluctant to participate in OJT unless provided workers with previous experience in the same fields or those who are good bets. An alternative would be to allow a three-month or six-month "try-out" period, during which the CETA prime sponsor would pay allowances to the trainee placed in the private sector. At the end of this "try-out," the employer would make a hiring decision. Based on the participant's remaining deficits at the end of the try-out, an "OJT-extended" contract could be negotiated to cover any further training. Alternatively, the employer might be eligible for the Targeted Jobs Tax Credit at this point (assuming it remains in effect), after certification that such an incentive would be warranted. This try-out approach would be attractive to employers because they could size up the participant before a permanent hiring decision. But it would also allow the prime sponsor to better judge the ability of the individual to perform the specific job and to determine training needs. Individuals participating in the "try-out" phase could be offered remedial services and assistance. It would be possible to take somewhat greater risks, i.e., matching more disadvantaged individuals with any given job. Few really disadvantaged would be productive during a short training period, so that there would not be a windfall to employers.

OJT is allowable but rarely used in the public and nonprofit sectors because of the availability of PSE and work experience subsidies covering the full costs of hiring. Given the evidence that PSE or work experience increase post-program earnings primarily when they function as try-out mechanisms in the public sector, it would be useful to formalize this dimension, permitting try-out employment for unsubsidized jobs in the public and nonprofit sectors under the same rules as in the private sector. If a tax credit were provided for subsequent training to the private sector employer, a similar payment might be made to the nonprofit or public agency to encourage permanent hiring, or else an extended OJT contract could be negotiated. As in the private sector, this would permit employers with "real" jobs to take a risk on individuals more disadvantaged than those usually hired. This approach could also be usefully linked to counter-cyclical revenue sharing rather than mounting a separate CETA job creation effort when stimulus is next needed.

Adding Second-Tier Opportunities

New classifications for local training activities should be established in the federal regulations and the management information system so that long-duration training can be identified, properly budgeted, and emphasized. It is necessary to clearly define and accurately measure an activity before it can be encouraged, and there is no recording of length of training in local programs. A quite simple approach is to divide what is now labeled as "classroom training" into more refined categories. "Career Training" would be primarily occupational in focus, with a planned duration of at least 1000 hours. "Career Preparation" would be primarily educational in focus, and also planned to last over 1000 hours. "Entry

Training" would be primarily occupational, and "Basic Skills" primarily educational, with both planned to last less than 1000 hours. Expenditure, outcome, and participant data would all be divided according to these categories. Likewise, plans and goals would be identified separately for these activities.

Minimum requirements could, then, be established for local Career Training, Career Preparation, and On-the-Job (Try-out and Extended) Training. In the review and approval process for local plans, there might be targets for these activities developed either by regression analysis of prime sponsor data in order to allow for participant mix and local economic variation or by averaging the level for all prime sponsors and using this as a guideline. Another approach would be to legislate a set-aside out of the funds provided by formula so that this proportion could only be used for these longer career training interventions. If the set-aside were not spent locally, the resources would be part of the reallocations used for state-level programs or nationally-directed Career Training and Career Preparation activities.

State supplemental vocational education set-asides should be reserved for Career Training and Preparation activities, i.e., long-term training and remediation expected to significantly and permanently improve employability. Prime sponsors would compete for these state funds to provide training to local residents, perhaps matching from their formula allocations. The state could establish its own programs to serve residents of balance-of-state areas and of local jurisdictions unable to mount acceptable programs, or else it would buy slots from the prime sponsors with exemplary programs and arrange for the mobility and residential support. The result would be an in-state program, very much like STIP, but with mobility features. The projects would be funded on a two-year cycle. Such activities would have first priority in any reallocation of resources provided by formula to prime sponsors within the state.

Advanced Career Training programs in Job Corps should be expanded and diversified. For each general occupational area of training in Job Corps, there should be at least one advanced training component which would draw from centers throughout the nation those trainees who wanted to continue their career preparation and had demonstrated the capacity and maturity. These advanced courses would focus on expanding career areas in each occupation. The Job Corps post-secondary and college program should also be continued, and its opportunities more equitably distributed rather than drawing disproportionately from a few centers. A reasonable target would be to expand advanced training options to one-third of slots in Job Corps which, because of their much longer duration of stay, would serve about one-fifth of participants.

Corporate Career training programs of up to two years' duration would be implemented under national direction to provide intensive, fully-subsidized, classroom instruction and internships in programs operated or directed by corporations and employer associations guaranteeing unsubsidized employment in jobs with career potential for all those completing the training. The participants would be carefully screened from local CETA programs to identify those who could make it with assistance but who would have little chance without it. The opportunities would be restricted to

persons from disadvantaged backgrounds (not just those eligible in the six months before application) who had proved themselves in education and training activities. The occupations of training would have a minimum annual starting salary of half the mean earnings of year-round, full-time male workers (the equivalent of roughly \$10,000 in 1980). The jobs would have to have documented career progressions beyond the entry level. The institutional training would be in established corporate or association facilities, or in programs established jointly with public institutions. The internships would be provided by the sponsoring corporation or association members, and would be carefully integrated with the classroom instruction.

It is recognized that only a limited number of large corporations or associations have established training centers or would be willing to create such centers, and not all of these would be willing to guarantee career entry jobs for disadvantaged participants even if they could assure the quality of training and even if the costs would be fully covered. The programs would have to be developed on a case-by-case basis with the aim of building up gradually to and then maintaining a permanent capacity. The goal would be to provide, on a continuing basis, roughly 10,000 career entry opportunities annually.

Forging the Elements Into a System

Work experience is, according to present regulations, restricted to persons with no previous experience, those reentering the labor force or those in special need of a supportive work environment. A periodic review of status is required in order to encourage the transfer of participants into other activities or private sector employment as rapidly as possible. This does not usually occur. Average stay in work experience was slightly longer in 1980 than in 1976. ^{26/} The sequencing of activities, i.e., work followed by OJT or classroom training, is all too infrequent. The most straightforward approach would be to limit the work experience for any individual to 500 hours, or roughly three months of full-time employment, two years of summer employment, or one year of summer and part-time school year employment. Job search assistance would be required for all participants at the end of this period. Successful completers of work experience who had participated effectively in job search assistance, but were unable to find unsubsidized employment, would be given priority in local training activities.

Income maintenance and wage policies should be designed to encourage entry into unsubsidized employment and successful performance in employment and training activities. Particularly in the summer youth employment program, compensation should be reduced. The aim should be to serve those young people who have no other options and to provide them a first experience so that they can find unsubsidized jobs. There is no doubt that the program now serves a disadvantaged group, but it probably draws from the front of the queue among those eligible and does not encourage transition because the minimum wage is higher than what most could earn in the private sector (three-fifths of 14- and 15-year-olds who worked in the private sector earned less than the minimum wage in 1979, while participants this age--representing 45 percent of summer enrollments--were all

paid the minimum wage). 27/ It is no wonder that teenagers are anxious to come back one summer after another. Perhaps the easiest approach, as suggested previously, is to require summer enrollees to spend a day a week or the equivalent in mandatory but unstipended instruction, and the remainder of time in minimum wage work. Incentive payments might be used for those achieving milestones in the instructional program. This would avoid confrontation over the subminimum wage issue by providing the minimum during work hours but a lower hourly reimbursement for the full period of participation. This same approach could be used for in-school work experience.

The allowance under local training programs should be reconstituted into three components providing for maintenance, participation expenses, and performance incentives. The maintenance allowances would cover the poverty deficits, i.e., the differences between family income (including the cash value of food stamps) and the higher of the poverty level or 70 percent of the lower living standard, not to exceed the hours of participation multiplied by the minimum wage. Participation expenses would be determined on an individual basis to reimburse demonstrable expenses. Performance incentives would be designed locally and might reward length of stay, completion, and self-placement. These incentives would be limited to one-fourth the hours of participation times the minimum wage. A best guess is that the substitution of this allowance approach for current policies would reduce the average costs of local classroom training by 10 to 15 percent.

OJT opportunities should be targeted primarily for successful participants in other components. First priority in assignment should be given to successful completers of local Career Training and Career Preparation to assure a payoff from this large investment. The assignments should be commensurate with the vocational skills which have been learned and the competencies which have been attained. Second priority in assignment would be given to successful participants in shorter-term training, work experience, and other local activities.

Prime sponsors should be utilized as recruiting, referral, and placement agents for Job Corps. Each could be provided a quota of Job Corps opportunities and could receive credit for referral into Job Corps, but would also have the responsibility for placing residents upon their return. Job Corps would have an advance warning system to notify prime sponsors instantaneously in the case of early termination and prior to planned graduation for completers. In case of relocation to another area, placement would be the responsibility of the recipient prime sponsor, with reimbursement by Job Corps, unless Job Corps contracted with a union or other placement agent. Job Corps would, thus, be integrated with the comprehensive local systems even though managed at the federal level.

Advanced Career Training (ACT) in Job Corps, Corporate Career and state-directed Career Training and Preparation programs must also be integrated with first-tier activities. Each entrant into Job Corps is now provided a catalogue of centers which includes a description of the entry training available at each. When a full portfolio of ACT offerings are developed, these should also be presented in a catalogue specifying the entry requirements and probabilities for each offering and detailing the

expected performance in and outcomes from training. Presentation of these options should be a required element of entry orientation and of counseling upon completion of basic reading and mathematics or entry vocational training in local programs.

Each prime sponsor should be provided an allocation of opportunities for state-directed advanced training programs and nationally-funded Corporate Career slots. In each case, the entry and training requirements would be specified in detail. The prime sponsors would, then, identify local participants willing and able to leave to complete advanced training. This catalogue approach and allocation of slots according to need would assure all individuals an equal chance at "quantum leap" opportunities.

With the shrinking size of CETA, it makes sense to consolidate local programs. The preferred approach is a bifurcated system with a set of youth developmental activities preparing young people up to the point of readiness for career training or entry, and an adult system which provides the career training and career entry activities. This was the approach recommended in the proposed Youth Act of 1980 and it makes a good deal of sense. For most youth, teen problems do not presage permanent difficulties. Teenagers gradually increase work activities, gaining the experience and competencies for career entry, so that unemployment rates fall rapidly by their early 20s. However, the teen problems would be reduced, and the career chances improved, if transitional assistance were available to better guide the process. The disadvantaged and minorities do not have the same opportunities and their progress towards career entry lags. They need first work experiences, a helping hand along the way, and exposure to career options--in other words, short-term assistance sequenced over these difficult years--if they are to enter the career job market without handicaps. Intensive remediation or training in a single episode is not appropriate until the youth has some maturity, commitment, and sense of direction. Thus, the proposals for the Youth Act included a detailed system for benchmarking competency development and maturation, and for arranging a sequence of short-duration services over the teen years as determined by individual needs and patterns of development. This youth system would use experiences in summer and in-school work programs, among other things, to make a determination of the readiness for career entry and career training. The youth developmental system would, thus, serve as a feeder into the adult, career-oriented system.

Limited services such as job search assistance, testing and guidance, basic life skills training, and remedial education should be used to identify those in need of more help, rather than operating in many cases as separate treatments. These services, if unstipended, all have low costs and might be expanded even with current budget stringencies. Inexpensive minicomputer terminal networks or microcomputers can be used to deliver short-duration assessment, world-of-work instruction, occupational information and remedial education to anyone who needs such services. The networks and terminals are a way to link with all delivery agencies, particularly the schools. Job search assistance, in-school employability services delivered by specially-created nonprofit intermediaries, and pre-employment services for out-of-school youth and adults, have proved effective in diverting individuals from the use of intensive training that is not needed or for which they are not ready. Significantly expanded and

formalized transition services should be offered without eligibility requirements other than the need for and interest in help, and should identify those who need more assistance so that they can be channeled into first-tier activities in either the youth or adult systems.

Increasing Placement Results

A crucial element of the "try-out" OJT approach would be a "rule-of-two"--no position could be refilled more than twice without a permanent hire. This would encourage placement and would be a self-enforcing mechanism. If individuals were assigned to menial jobs lacking opportunity, they would be likely to terminate without placement and the positions could not, then, be refilled. There would be iteration towards a portfolio of try-out assignments attractive to participants. On the other hand, the employers could not "try out" endless numbers of participants simply to secure subsidized employees. Such a protective mechanism is particularly important if the try-out approach is used in the public and nonprofit sectors, where work experience slots have often been used over and over without a transition into permanent employment.

To further encourage placement, employers making a permanent hire would be eligible for extended OJT negotiated at the end of the try-out period based on an assessment of the individual's performance and remaining deficits. It would also be useful to continue a variation of the Targeted Jobs Tax Credit, but this should be restricted to employers hiring completers of Career Training, Career Preparation, Job Corps or Try-Out OJT, and should be based on a determination by the prime sponsor that the employer is taking an extra risk or will incur extra training costs in hiring the participant.

Under the second-tier efforts--Corporate Career, Career Training and Career Preparation activities, and Job Corps Advanced Career Training--there would be self-enforcing mechanisms to assure training-related placements for all completers. The Corporate Career program would involve a guarantee from the sponsoring corporations or employer associations that everyone successfully finishing the fully subsidized period of classroom training and internship would be provided a training-related job by the corporation or association at a guaranteed minimum salary level. For state and local Career Training and Preparation, there would be a requirement for the placement of three of four completers in jobs utilizing the acquired skills or competencies before a new contract or new class could be initiated. This requirement, combined with the priority under try-out OJT given to completers of such long-term training and preparation, would encourage placement efforts prior to the completion of training. In Job Corps, the operators of Advanced Career Training would be responsible for placement activities. The placement of three in four completers in training-related jobs would also be required. The tax credit and try-out OJT approaches would be authorized also for these completers.

To assure placement from first-tier activities, the performance system would emphasize unsubsidized placement above all other goals. Placements, thus, need to be recorded by activity, with further designation as to whether they are training- or work experience-related. The local allo-

cation formula might be modified to provide 10 percent added funds to prime sponsors exceeding their expected (based on regression analysis) placement rate. Lowest performers would be precluded from competing for state Career Training and Career Preparation grants (although residents would still be served in programs operated by the state or in other jurisdictions funded by the states, as well as in national advanced training programs).

For school-age teenagers, placement is not usually an appropriate outcome. If youth who are not yet ready for the full-time labor market are included in the data system, they will obscure the placement results and reduce the possible leverage of performance monitoring efforts and incentives. Alternatively, pressure for placement might result in fewer teenagers being served. The bifurcation of local delivery systems into a youth developmental system and an adult career entry and training system would solve this problem. The "sticks and carrots" for placement would primarily be applied to the career system, whereas the youth activities would emphasize the development over time of the basic competencies needed before entry into the full-time labor market. If the bifurcated approach is not adopted, youth for whom placement is not an expected or desired outcome should be designated in a special category so that they are not included in the calculation of the placement rate.

Job search assistance should be an exit service in all components. The evidence indicates that the employment rates of both youth and adults can be increased by job-finding help. A strong argument can also be made for bonus payments to participants who secure their own jobs and stay in them for some period, say three months. The incentive component of the reconstituted allowance formula could be used to provide such bonuses.

Mobility Options

The Career Training and Career Preparation activities funded with state vocational education resources would provide for mobility. The grants would be competitively distributed, but the opportunities for participation would be allocated according to need. Thus, prime sponsors without local Career Training and Preparation activities, as well as the balance-of-state areas, would be allocated a number of slots in the state-operated programs or in the state-funded activities of other prime sponsors. The advanced programs would include funds for mobility and residential support. The first priority for formula allocated resources not spent by prime sponsors within a given state would be the expansion of advanced opportunities so that individuals from these underspending areas could be provided Career Training and Preparation elsewhere. Since these advanced components would serve only a minority of all participants, and since most jurisdictions would be able to mount at least some local activities, the mobility arrangements would be required for only a small portion of total participants in the training system and should be feasible.

For the nationally-directed Corporate Career program, Job Corps might serve as the administrative mechanism, since its authorization provides the needed flexibility, mobility, and national focus. The age limitation would have to be waived for older participants, although the most appropriate

target group may well be young adults. The training activities themselves would be managed with minimum red-tape by each participating corporation or association. A private sector Job Corps contractor(s) could serve as the intermediary management agent for the program, i.e., working to identify and screen local candidates for the opportunities, registering and keeping track of them during participation, and arranging for mobility and residential support. The contractor might also have responsibility for identifying and developing Corporate Career opportunities. Thus, the private sector would be dealing with a compatible intermediary rather than a government bureaucracy.

The retrenchment of Trade Adjustment Assistance activities makes it even more critical that relocation and retraining be integrated into regular CETA activities. Yet a stable, structurally-oriented, localized system cannot deal well with mass layoffs, particularly when there is no advanced warning. Retraining and relocation, which are probably the best options for those who do not have a good chance of recall, are rarely utilized because local training facilities are focused on local jobs, there is limited knowledge of opportunities available elsewhere, and no help in arranging for mobility. Therefore, a national intermediary or several intermediaries should be supported under the direction of the Department of Labor to provide assistance to workers, firms and communities where mass layoffs occur. The intermediary would, as early as possible after the announcement of the layoff and upon the request of the local prime sponsor, provide on-site employability and skills transferability assessments for the laid-off workers. It would have pre-packaged job search assistance materials as well as providing funds to initiate training. A full-time unit of the intermediary would conduct job development in areas and industries where transferability would be feasible, thus establishing a relocation job bank. Based on individual assessments of workers, the unit would make travel and job interview arrangements, would pre-screen for the employer and would seek to move groups of employees and their families if possible. If training were needed, this could be financed in the original community or in the relocation destination. Prime sponsors in the source and recipient areas would register the trainees, with reimbursement from national discretionary funds or reallocated funds. Alternatively, the resources currently authorized for Title IIC upgrading and retaining, which have not been utilized by most prime sponsors, could be reserved for such purposes rather than allocated by formula, so that resources could be provided instantaneously where needed most.

There are several organizational alternatives for intermediaries. Existing groups might be utilized, such as the Manpower Demonstration Research Corporation or Public/Private Ventures which operated supported work and VICI respectively. National community-based organizations could coordinate such efforts through their local chapters. Private for-profits could serve this function as they do under Job Corps management contracts.

Quality and Stability

These next steps constitute yet another restructuring of employment and training activities. If they are to be achieved without rupturing the current system--which is providing training that on average is effective,

and in some cases is exemplary--there is a need to lighten the administrative burdens and to remove many of the extraneous requirements. With the use of self-enforcing mechanisms such as the rule-of-two under try-out OJT, the 500-hour limitation for work experience, the three-in-four placement requirement for long-term training approaches, priority for training completers in try-out OJT, and set-asides for the advanced components with automatic allocation to state and national mobility programs in the case of underspending locally, there is less need for detailed plans and process-oriented regulations. "Occam's Razor" should be used to eliminate the ever increasing complexities of the legislation and regulations. Perhaps a good place to start is in the planning requirements for CETA, given the evidence that there is very little relationship between types of participants, area conditions, treatment strategies or outcomes despite the mandated planning process. Quarterly reporting and review by the federal government is not necessary and should be ended, substituting an end-of-the-year report that includes monthly enrollment, spending and outcomes by major category of activity. Another useful change would be to provide two year funding for CETA. At the very least, changes are needed in administrative rules regarding reallocation so that two-year contracting can be undertaken for Career Training and Career Preparation activities. The allocation formula should be based on hardship factors rather than unemployment, and the allocation share might be revised every two years rather than annually.

The Department of Labor should adopt and require uniform, multi-level competency standards for the major areas of academic, basic life skills, and occupational training. After review of the best curricula and materials, it should select those most appropriate for CETA client groups, reference them to the competency standards, and provide them to local delivery agents upon request. For instance, the Job Corps reading and mathematics diagnostic and achievement measurement systems might be standardized for all CETA reading and mathematics programs, and all the materials which have been referenced to these systems could be catalogued, purchased in quantity to save costs, and provided to prime sponsors to be used by their subagents. Likewise, for each occupational area, there would be a ladder of skills and knowledge. The achievement of each step could be tested or judged by successful performance of specific tasks. The competency ladder would be established in consultation with employers and unions and in cooperation with the Bureau of Adult and Occupational Education in the Department of Education and the Bureau of Apprenticeship and Training in the Department of Labor. Once established, all available curricula from private sources as well as those developed with public support could be screened, and referenced to each of the competency dimensions and levels. Those in the public domain could be provided for local use, and the best of the private materials could be recommended and purchased in quantity to be supplied on request. State and local prime sponsors could, and would be encouraged to, develop their own curricula for education, vocational training and basic life skills instruction, but would have to reference them to the standardized diagnostic and achievement measurement systems, and would provide them to the Department of Labor so that they could be shared with other prime sponsors. States and localities would establish completion standards for specific components and performance levels required for advanced opportunities; these standards would be referenced to the standardized diagnostic and achievement measurement

systems, just as states now set varying requirements for the GED by reference to nationally-standardized competency tests. Thus, local decisionmakers would have flexibility to choose among a comprehensive array of materials, to set standards for each component at any level along the skills measurement hierarchies, and to develop their own materials. Yet they would have the advantage of less expensive acquisition, savings in materials and screening costs, and greater transferability of model curricula.

An institutional performance review and improvement plan should occur every two years (just as colleges are reviewed for accreditation on a regular basis). This top-to-bottom on-site assessment approach, combined with an analysis of performance data, is used in Job Corps. Each center also has formal improvement plans for the use of federal capital funds, curriculum changes, and Corpsmember projects. The approach would simply be extended to prime sponsors (and to the Corporate Career projects). Federal teams or contractors could conduct assessments of each discrete activity locally. They would identify where minimum standards were not met and improvements could be made. Developmental plans prepared by each locality would outline the steps to improve local training capacities. The time saved by federal personnel in reviewing current quantitatively-oriented plans, quarterly reports and grant modifications would be used in the field to review local institutions. Local institutional assessments might also be conducted by citizen's review teams of employers, educators, vocational educators and community representatives.

The propitious coincidence of the reauthorization of vocational education and CETA might be used to realign the decisionmaking structures from the state level down, particularly if federal contributions to secondary vocational education are reduced, leaving primary emphasis on the post-secondary level. The states could be given the authority to designate area "Career Investment Brokering Agencies" or CIBAs subject to federal guidelines, with the proviso that jurisdictions of more than 200,000 population would automatically qualify. These CIBAs would have planning and decisionmaking authority for both federal vocational education and CETA funds, subject, of course, to state and federal policies. Interagency committees might be mandated at the federal and state levels to standardize the management information and follow-up requirements for vocational education and CETA, as well as to develop the standards for competency assessment and curricula. If this step were taken, the federal/state Employment Service and the WIN program should be consolidated into this structure.

These legislative and administrative actions, by themselves, will not produce instant or dramatic improvements in employment and training activities. In fact, it is of utmost importance that they be implemented in a measured fashion. As the Job Corps experience demonstrated so vividly in the 1960s, intensive and complex training programs cannot be established overnight. Even more critically, it will take time and a constant effort to alter behavior and thought processes in the CETA system so that it is reoriented to accept some unfamiliar concepts such as sorting, long-term treatment, and a focus on careers rather than just jobs. A substantial output of long-term trainees would not be expected until the last half of the decade even if rapid implementation followed a 1982 reauthorization.

Yet this is also when we can expect both improved economic conditions and declining numbers of labor force entrants. What is needed is to set the course properly and to proceed without the constant policy changes which have characterized employment and training efforts of the last two decades.

The sagging productivity of the 1970s, and the decline of our economic growth relative to other developed nations, taught us the dangers of short-term perspectives, inadequate and erratic investment in capital and equipment, and wasteful use of scarce natural resources. The lessons are equally applicable to human resources. The future of the economy and the social fabric depends in great measure on our willingness to initiate, and to follow-through with consistency, policies which will develop the skills of those who have traditionally been discarded and ignored, but who will be needed more in the next decade.

At least on this one issue, the prescriptions to achieve equity and efficiency are coincident. Those who preach the supply-side Gospel, as well as those concerned with mitigating the inequalities which have proved resistant to short-duration interventions, should be able to find common ground in support of more intensive training investments for persons of limited employability.

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